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ABSTRACT

This document contains papers from an international project in which models of financing the continuing vocational training (CVT) in Denmark, Germany, the Netherlands, and Norway were identified and examined. The following are among the papers included: "Important Results of the LEONARDO-Project (contributions by all project-partners)"; "Structure and Development of the Project" (D. Moraal); "Training Leave as a Precondition for an Integrated Labour Market and Qualification Policy" (D. Moraal); "The Role of the Social Partners and the State Authorities in Financing the Continuing Vocational Training Measures for the Employed and Unemployed" (U. Grunewald); "The Experiences of a Staff Member of the 'Centre for Vocational Training and Promotion of Economic Performance' with Three Workshops, Where Questions of Financing the Continuing Vocational Training Were Discussed" (T. Hintz); "The Experiences of the Representatives of the 'Development Agency Agriculture and Forestry' with Two Workshops, Where Questions of Financing the Continuing Vocational Training Were Discussed" (T. Hentschel, B. Riemer); "Job-Rotation--A New Instrument for the Employment and Qualification Policies in Germany" (B. Uhrig); "Reflections and Open Questions--Inspired by the Danish Experiences with the Financing of the Continuing Vocational Training for Employed and Unemployed" (J.H. Soerensen); "Historical Review of a Case, Which Used Job-Rotation in the Enterprise-'Fibertex'" (J.H. Soerensen); "Proposal for a Reform of the General and Continuing Vocational Training of Adults in Norway" (I. Eidskrem); "Elements of the Norwegian Labour Market Politics" (S. Festoe); "Conclusions--Considerations and Points for the Further Discussion" (B. Hovels, G. Kraayvanger); "Experiences of a Representative of the Dutch OVP-Fund, with Three Workshops, Where Questions of Financing the Continuing Vocational Training Were Discussed" (T. Seip); "Experiences of a Representative of the Dutch OOM-Fund with Three Workshops, Where Questions of Financing the Continuing Vocational Training Were

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Discussed" (P. Den Hollander); "Description of the National Financing System of CVT and FTU in Germany" (U. Grunewald, D. Moraal); "The Center for Vocational Training and Promotion of Economic Performance Simmerath" (U. Grunewald, T. Hintz); "Financing Model of the Development Agency for Agriculture and Forestry (FLF)/Qualification Fund for Agriculture and Forestry (QLF)" (T. Hentschel); "Description of the National Financing System of CVT and FTU in Denmark" (K. Olesen); "Financing Models of CVT and FTU in Denmark" (K. Olesen); "Description of the National Financing System of CVT and FTU in Norway" (I. Eidskrem); "National Financing System of CVT and FTU in the Netherlands" (B. Hovels, G. Kraayvanger); and "Financing Models of CVT and FTU in the Netherlands" (W. Boonstra, B. Hovels, G. Kraayvanger). (Forty tables/figures are included.) (MN)

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# Models of Financing the Continuing Vocational Training of Employees and Unemployed

Documentation of a LEONARDO-project
in cooperation with Denmark, Germany,
the Netherlands and Norway

Results from the Programme
Leonardo da Vinci

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# Models of Financing the Continuing Vocational Training of Employees and Unemployed

Documentation of a LEONARDO-project
in cooperation with Denmark, Germany,
the Netherlands and Norway

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ITS – Instituut voor Toegepaste
Sociaalwetenschappen, Netherlands

NVI – Norsk Voksenpedeagogisk
Forskninginstitutt, Norway

Uwe Grünewald and Dick Moraal (Ed.)

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Part I

## Remarks, conclusions, recommendations and open questions


1. Important results of the LEONARDO-project (contributions by all project-partners) ..... 7

2. Structure and the development of the project (D. Moraal) ..... 10

3. German contributions

3.1 Training leave as a precondition for an integrated labour market and qualification policy (D. Moraal) ..... 12

3.2 The role of the social partners and the state authorities in financing the continuing vocational training measures for the employed and unemployed (U. Grünewald) ..... 22

3.3 The experiences of a staff member of the 'Centre for Vocational Training and Promotion of Economic Performance' with three workshops, where questions of financing the continuing vocational training were discussed (Th. Hintz) ..... 26

3.4 The experiences of the representatives of the 'Development Agency Agriculture and Forestry' with two workshops, where questions of financing the continuing vocational training were discussed (Th. Hentschel/B.Riemer) ..... 29

3.5 Job-rotation – a new instrument for the employment and qualification policies in Germany (B. Uhrig) ..... 33

4. Danish contributions

4.1 Reflections and open questions – inspired by the Danish experiences with the financing of the continuing vocational training for employed and unemployed (J.H. Soerensen) ..... 37

4.2 Historical review of a case, which used job-rotation in the enterprise – "Tibertex" (J.H. Soerensen) ..... 50

5. Norwegian contributions

5.1 Proposal for a reform of the general and continuing vocational training of adults in Norway (I. Eidskrem) ..... 52

5.2 Elements of the Norwegian labour market policy (S. Festoe) ..... 60

6. Dutch contributions

6.1 Conclusions – considerations and points for the further discussion (B. Hövels/G. Kraayvanger) ..... 66

6.2 Experiences of a representative of the Dutch OVP-fund with three workshops, where questions of financing the continuing vocational training were discussed (Th. Seip) ..... 74

6.3 Experiences of a representative of the Dutch OOM-Fund with three workshops, where questions of financing the continuing vocational training were discussed (P. den Hollander) ..... 76

Part II

## Important results of the Leonardo-Projekt


1. Germany

1.1 National Financing System of CVT and FTU in Germany (U. Grünewald, D. Moraal)

1.1.1 The Vocational Training System ..... 79

1.1.2 Structure of the Continuing Vocational Training System ..... 82

1.1.3 Quantitative Overview of Continuing Training ..... 88

1.1.4 Cost and Financing of Continuing Training ..... 93

1.1.5 Mixed Financing Arrangements ..... 96

1.2 Financing Models of CVT and FTU in Germany

1.2.1 The Centre for Vocational Training and Promotion of Economic Performance Simmerath (U. Grünewald, Th. Hintz) ..... 98

1.2.2 The 'Social Cashdesk' in the Scaffolding Sector: A Financing Model of Initial and Continuing Vocational Training Regulated by Collective labour agreements (D. Moraal, G. Schmidt) ..... 109

1.2.3 Financing Model of the Development Agency for Agriculture and Forestry (FLF)/Qualification Fund for Agriculture and Forestry (QLF) (Th. Hentschel) ..... 116

1.2.4 SPI ADAPT Project Job-rotation (B. Uhrig) ..... 121

2. Denmark

2.1 National Financing System of CVT and FTU in Denmark (K. Olesen)

2.1.1 The Initial Vocational Training System ..... 130

2.1.2 Structure of the Continuing Vocational Training System ..... 132

2.1.3 Quantitative Overview of Continuing Vocational Training ..... 139

2.1.4 Cost and Financing of Continuing Vocational Training ..... 150

2.1.5 The Dynamics of the Tripartite System ..... 152

2.2 Financing Models of CVT and FTU in Denmark

2.2.1 Job Rotation Schemes (K. Olesen) ..... 158

2.2.2 Specific Financing Models of Job Rotation in Denmark (U. Skaarup) ..... 165

3. National Financing System of CVT and FTU in Norway

3.1 Description of the National Financing System of CVT and FTU in Norway (I. Eidskrem)
3.1.1 The Initial Vocational Training System ..... 169
3.1.2 Structure of the Continuing Vocational Training System ..... 173
3.1.3 Quantitative Overview of Continuing Vocational Training ..... 181
3.1.4 Costs and Financing of Continuing Vocational Training ..... 185
3.1.5 Mixed Financing Arrangements ..... 187

3.2 Financing Models of CVT and FTU in Norway (I. Eidskrem)
3.2.1 The In-Company Training Scheme (BIO) ..... 188
3.2.2 The Graphical Educational Fund ..... 194

4. Netherlands

4.1 National Financing System of CVT and FTU in the Netherlands (B. Hövels, G. Kraayvanger)
4.1.1 The Vocational Training System ..... 200
4.1.2 Structure of the Continuing Vocational Training System ..... 208
4.1.3 Quantitative Overview of Continuing Education and Training ..... 214
4.1.4 Cost and Financing of Continuing Education and Training ..... 220

4.2 Financing Models of CVT and FTU in the Netherlands (W. Boonstra, B. Hövels, G. Kraayvanger)
4.2.1 The Training and Employment Policy of the Foundation for Education, Training and Promotion in the Metal Industry (Stichting Opleiding Ontwikkeling Metaalbewerking (Stichting OOM)) ..... 226
4.2.2 The Training Fund of the Processing Industry (OVP) in the Netherlands ..... 234

# 1. Important Results of the Project (contributions by all project-partners)

Adult education and continued vocational education can serve a multitude of societal purposes. Among these are:

1. Promoting productivity, with the aim to reach more horizontal and/or vertical flexibility within the enterprise or between the enterprises of a certain sector or region.
2. Promoting mobility and a well-functioning labour market, able to cope with conjunctural and structural changes in the demand of skilled labour, thereby avoiding "bottle necks" and maximising employment.
3. Reducing unemployment by using training as an activation instrument.
4. Promoting general skills and knowledge, in order to enable people to participate in long life learning and also to enable people to actively influencing their working life as well as their private and social life-conditions.

All of these four purposes can be found– to a larger or smaller extent – as arguments for different institutional and economic frame conditions around adult education/and continuing vocational training policies in the different countries. But the differences are not only a matter of the relative weight of priority which is given to each purpose.; it is also important to what degree they might be interlinked and also whether different target groups – like employed and unemployed – are treated equally.

One of the central elements of this study is the co-operation between social partners and the public authorities. The extend and the way of co-operation is structurally embedded in the societal context (history, tradition, conjuncture and culture).

The position of continuing vocational training is embedded in a total package of 'other' relevant issues in a society. Sometimes this position has a high priority, sometimes it is rather marginal. However, the priority position of continuing vocational training is not a static, but a dynamic one. It is dependent most of all from the actors perceiving the (present and future) functioning and the structure of the labour market as well as the perceived inter-linkage with other societal issues (qualification in relation to work, income, education and other issues).

In this respect at least two dimensions could be distinguished

- the dimension state and market (also with the opportunity for the state to use the market as an instrument) and

- the dimension central or decentral regulation mechanisms.

Against this background essentially different models of co-operation were distinguished in this project:

- the Dutch 'polder model',
- the Danish 'corporatistic model',
- the German 'segregation model' and
- the Norwegian 'pragmatic model'.

The co-operation between the social partners in continuing vocational training is focused on special collective agreements, certain educational leave regulations, financial regulations and other agreements. All these counteract the mismatch between the demand and supply of vocational qualifications.

The public authorities may co-operate with the social partners in establishing leave arrangements and to some extent financements for special groups. This on both the national and regional level.

A central aspect of the LEONARDO-project was the trans-national transfer of the principle of co-operation and combination of instruments, in such a way that the different roles of the partners can be considered.

It was important to discuss the methods, which can lead to the combination of continuing vocational training for the employed and unemployed. On the basis of common goals, models and approaches were chosen and analysed, which consider the regional and national specific pre-conditions as well as the interests of the respective actors. The main aim was to adapt the methods and instruments to the national, regional, sectoral situation, pre-conditions, collective agreements and legal regulations. All these dimensions can receive in this way impulses for change.

Important pre-conditions to be able to establish and implement an integrated labour market- and continuing vocational training policy are to what extent public intervention in "human-capital-investment" is being considered legitimate – or perhaps even necessary.

On the central parliamentary and organisational level, this question might give rise to political conflicts and ideological fights. But if it over a long period of time has been experienced that "investments in human capital" when left alone to the single enterprises falls short of societal needs - in that case a change of the pattern and scope of the responsibility of public (and/or social partner-) intervention and economic subvention of continuing vocational training could occur.

Probably the best chances of this kind of "organisational learning processes" could possibly be found on a regional and/or sectoral level. Here, the possibilities for some kind of combined involvement of social partners and local public authorities are the most realistic.

The relevance of the involvement of social partners is primarily their immediate interest in functioning and structure of the labour market. Employers and employees have traditionally different interests in training, due to their different positions and interests in the labour market. To cope with these differences various models are possible. Ideal typically three kinds of models can be distinguished:

- a structure, in which there exists the responsibility of each actor for his own training system,
- a structure, in which there is a dominance in the training system by one of the actors ,
- a structure, in which a co-operative qualification is pursued

The chances for the development of a co-operative system is dependent upon to what degree the interests and the goals of the different actors are overlapping. So the challenge of optimal co-operation is in finding the balance between particular and common interests and the mutual acceptance of the interests of the other actors.

This balance could be elaborated further along different lines:

- arrangements at a central level accompanied by effective transmission mechanisms to decentral levels,
- direct arrangements at an intermediate and/or a local level,
- a more or less moderating role of public authorities, with launching incentives to stimulate co-operation,
- flexibilisation of co-operation arrangements including financial arrangements.

The transfer-seminars as well as the frame conditions for an integrated labour market and qualification policy for the employed and unemployed showed, that in the case of the conceptualisation of concrete approaches and models, the balance between the pursuance of single interests and the 'price' of realising the goals and interests of other actors is a central success criteria.

The 'Big Deal' in the Netherlands will be undermined, when the decentral representatives of the trade-unions in the different sectors will get the impression, that the price of the trade-off between wage-cuts and vocational training will be too high or not fair.

Also in Denmark the more closer orientation of the continuing vocational training towards the demands of the enterprises could increase the group of 'loosers' within the work-force and also furthers an unfair shift of the financial burdens between these groups.

In Germany the irreconciliability of the positions of the social partners and the political parties on the national level (here, there is no balance, but a separation of the fundamental tasks and also no overlapping of the financement of

common 'unfair' financial transfers) is levelled out by a higher flexibility in the single regions and sectors.

The in the project described approach of an integrated fund, which is essentially initiated and promoted by the Norwegian Employment Service makes it clear, that also public authorities can be a promoter for an integrated labour market and qualification policy.

## 2. Structure and the Development of the Project (D. Moraal)

From the beginning, the project intention was to pick out as a central theme the international comparison of the financing of continuing vocational training and to include here also concrete solutions for financing.

However, the differences between the systems of continuing vocational training, the different forms of integration of the relevant social groups, which finance the different segments of continuing vocational training as well as the broad spectrum of the implemented financing arrangements in the countries, which participate to the project, can possibly fulfil the promise of new findings, which will come out of a transnational discussion by the actors concerned.

The now published final report, which was written by the four research institutes and the others from Denmark, Germany, the Netherlands and Norway, summarises the following three points:

- a comparative description of the continuing vocational training systems and their financing of the four countries
- a comparative description of examples of concrete financing models
- Reflections of the transfer-seminars by social partners and political actors from three countries as well as further reflections of the four research institutes.

The main aim of the project was, to use specific national financing models of continuing vocational training, in order to inspire the discussion about the quality and innovation possibilities of continuing vocational training systems in the European Union. The financing of the vocational training is one of the key-factors for the concrete implementation of qualification measures. In this context, the social dialogue has to be stressed – in this case thus the integration of the employers and employees organisations, which are actors in the field of continuing vocational training.

Finally, also those measures are important, which combine the continuing vocational training of the employed and unemployed. The realised job-rotation measures in especially Denmark and Norway can be used as an inspiration for the other partner countries.

The concrete sub-aims of the project are derived from the main aim.

- Financing models are often embedded in relative rigid organisational structures. In view of the far-reaching technical-organisational and structural changes, the flexibility of financing arrangements will become more and more important.
- Not only the reception of other EU-member-states models, also a better understanding of the basic structures and financing mechanisms of these countries will help to see the structure and the functioning of the continuing vocational training in his own country in another perspective. To see the structural elements of the continuing vocational training system of his own country in relative terms can be an eye-catcher for useful structural adaptations. However, it could also further a confirmation of the specific national solutions.
- Also the aims, contents and forms of co-operation between the social partners are in the EU-member-states traditionally very different and bear an actual different importance. Also the form and intensity of co-operation of the public authorities is between these countries very different.

The project had six project phases:

**A**

Examination of existing publications; evaluation of important preliminary work; description of the continuing vocational training systems as well as the structural interdependence between initial and continuing vocational training; description of the financing structures and their functions for the realisation of continuing vocational training; the forms of integration of the social partners in the four countries, which are participating to the project.

**B**

Selection and description of one or two financing i.e. participation models for every country, following a jointly worked out description-scheme of the central aspects

**C**

Presentation and discussion of the "good practice" models in the to the project participating countries. Invited to these discussions are the actors of the models as well as the social partners of the participating countries.

**D**

Documentation of the results of the four discussion seminars. Working out final conclusions and advises for the national and trans-national discussions

E

Mutual discussion of the actors from the four countries, which are participating in the project (social partners, representatives of public authorities an the participating research institutes).

F

Working out a final documentation of the project results. This final documentation will concentrate on four themes:

- A classification of the examined models in a theoretical spectrum of the implementation of financing instruments.
- The contribution of the models in realising the aim to an at least partial integration of the continuing vocational training for the employed and unemployed.
- Analysis and evaluation of the forms and intensity of the integration of the social partners as well as the public authorities in the respective financing models.
- Analysis of the flexibility and adaptability of the financing models as well as the basic structures of continuing vocational training to the changing qualification demands, which are the results of the technical-organisational and structural changes in Europe.

The network of the project was organised in the same way for every participating country. The network consists out of a research institute as well as representatives of both social partners and the financing models. The BIBB has been the project co-ordinator and as such is responsible in regard to the European Commission.

# 3. German Contributions

## 3.1. Training Leave as a Precondition for an integrated Labour Market and Qualification Policy (D. Moraal)

The pre-conditions initiating and implementing an integrated labour market and qualification policy are very important. The educational leave regulations are a central element of the state's support for the expenses of individuals and enterprises in the field of continuing vocational training. The leave regulations in the Scandinavian countries are totally different (in duration and their use) from the regulations in Germany. When they are used for educational leave, then they are in duration more intensive than in-company vocational training as well as a specific mixing of finaces as in the case of job-rotation measures.

The discussions in the LEONARDO project showed, that a central condition for an effective and efficient realisation of an integrated labour market and qualification policy, i.e. of a combined continuing vocational training is, a na-

tional framework regulation of the leave. The so-called substitute principle, the employee goes for a longer period on leave and simultaneously an unemployed person will be its substitute, is incorporated in these regulations. Furthermore the transfer-workshops made it clear, that a regional/sectoral decentralisation is another important precondition for the implementation of innovative forms of continuing vocational training.

The aim of this contribution is to point to the fact, that the relatively rigid division between the 'sub-systems' of continuing vocational training in Germany hinders the realisation of innovative forms of the active labour market and qualification policies. The following conditions of the leave regulations in the countries involved in the project (above all the leave regulation in Denmark) illustrate, that it is not sufficient for the introduction of the substitute principle in Germany – as currently proposed and tested out – to change marginally individual regulations.

### 3.1.1 National Leave Regulations in Denmark and Netherlands

Internationally many forms of leave regulations exists:

- Regulations with the emphasis on: care-leave. However, these regulations do not immediately effect the employment and qualification.
- Regulations with the emphasis on: training-leave. An example here are the German educational leave regulations. However, such 'isolated' educational leave regulations do only have marginal effects on employment and qualification.
- Regulations with the emphasis on: Leave of employees and use of unemployed persons as substitutes. The evaluations of such a national leave regulation in Denmark do show important positive effects on employment and qualification.

For our discussion those national framework regulations of leave are interesting, which have immediate effects on employment and qualification. Not only in Denmark exists a central framework regulation, but also in Netherlands such a law will be introduced in 1998.

The two framework regulations incorporate the substitute principle for both care-leave and training-leave. Employment effects of care-leave as well as of training-leave are only partially to be seen. There are no qualification effects for employees on leave in relation to care-leave regulation. On the other hand, the training-leave for the employees on leave mostly are very successful. The intentional training of the substitutes (work experience) has been, at least in the Danish system, for both leave targets realised. The differentiated use of leave

targets, a shift to the emphasis on continuing vocational training of employees, can even more further the qualification of the employees. Also the measures for the substitutes (unemployed persons) can further with a more targeted use of work experience and retraining the qualifications of the unemployed.

### 3.1.2 Characteristics of the two Leave Regulations

- The Danish national framework regulation integrates care-leave as well as training-leave on the basis of the substitute principle. In Denmark the implementation of the leave regulation is clearly differentiated by leave targets. Both duration, conditions and amount of the employment benefits are differentiated in accordance with the leave targets. The financial support for the employees on leave orientates itself to unemployment benefits. The employees receive of the maximum employment benefit (DM 2700,- monthly) 100 % for educational leave, 60 % for care-leave. Important is, that only in the case of sabbatical leave an unemployed person as a substitute is necessary. However, it became in the last years clear, that substitutes with training- and sabbatical-leave are also to 63 % employed. This indicates, that for job-rotation there exists in Denmark a positive climate. In 1995 there were about 136.000 employees on leave and 87.000 substitutes. From the employees on leave, 20 % were men and 80 % women. From the Danish evaluations it is clear, that in addition to the work experiences the unemployed person can show, about 42 % of the substitutes could be integrated. The general effect of these programmes in Denmark was the decrease of the unemployment-rate in 1996 by 1.7 percentage-points.
- The leave regulation (Wet Financiering Loopbaanonderbreking), which will be probably introduced in 1998 in the Netherlands, took over many features of the Danish leave regulation. The proposed law is also defined as a national framework regulation. The law represents a comprehensive regulation of care-leave and training-leave. A differentiation of the leave-targets is not intended. There will be no general right for leave. The flexible implementation of the law is the main characteristic
  - in sorting out the target groups: Unemployed persons as well as persons unable to work can be substitutes. Employees, who work part-time can also go on leave.
  - its organisational rendering: Substitutes cannot only be employed with the same employer, but also in the sector (sectoral job pools).
  - in the financing: The employees on leave receive DM 960,- at the most depending on their working time. The enterprises can use the existing national labour market regulations in order to finance the leave. This and

the financing of the O&O funds (Training and Development Funds) renders possible a flexible mixed financing.

According to the prognoses of the Central Planning Office (CPB) after a transitional period of about of 5 years 50.000 employees will go on leave every year. The leave regulation will be relevant above all for those sectors with many female employees, with bigger enterprises and with employers, who favour the leave regulation (especially the health sector, service sector, public administration and banks and assurances).

### 3.1.3 Categories of a Leave Regulation

The following comparative classification on the basis of the two leave regulations is thought to be a general analytical scheme, that should allow to derive some central structural characteristics, effects and problems. Furthermore, this scheme can show which systematic reference points could be relevant for the discussion in Germany.

The above scheme of the frame leave regulations in Denmark and Netherlands (also in Belgium and Finland such regulations exists) show the general characteristics of the regulations, which have to be considered in the German discussions, if the implementation of the substitute principle in Germany will be not only marginal. Consequently, some central questions for the implementation of leave regulations can be distinguished .

**Scheme 1: Features of a national frame law**

| | Denmark | Netherlands |
|---|---|---|
| **Leave target (general)** | National framework regulation. It integrates care- leave and/or training-leave. Substitute principle is intended. | National framework regulation. It integrates care- leave and/or training leave. Substitute principle is intended. Flexible sorting out of target groups, flexible organisation and flexible financing. |
| **Leave targets (concrete):** | care-leave<br>• care of children<br>• Care of sick persons<br>training leave<br>The emphasis is on continuing vocational training. | care-leave<br>• care of children and adoption<br>• Care of sick persons<br>training leave<br>Emphasis is on care-leave. |
| **Differentiated use of leave targets** | Yes. The employees receive 100% of maximum unemployment benefits for training-leave, 60% for care-leave. | No. |
| **Implementation of the law** | regional network. | Agreements between social partners on sectoral level. (i.e. O&O funds) |
| **Range of the law** | Flexible. Sorting out target groups, organisation and financing. | Flexible. Sorting out target groups, organisation and financing. |
| **Leave modalities** | No limitation. | General. If an employee wishes to go on leave, a substitute must be employed. |
| **Leave period** | At least 3 months and a maximum of 1 year. | Minimum of 2 months and maximum of 6 months. Full and part-time employees. |
| **Financing sources – mixed financing** | Extra state expenses. Financing of the leave regulation renders possible a mixed financing. | No extra state expenses. The financing of the leave regulation renders possible a mixed financing. Also financing from O&O funds. |
| **Financial support: enterprises** | Enterprises can use other financial sources. | Enterprises can use O&O funds and labour market measures. |
| **Financial support: employees on leave** | 100% of the maximum unemployment benefits for training leave and 60% for care-leave. | The amount of the support is dependent from working time. Monthly paid amount of maximum DM. 960.- + paid overtime + savings for educational leave. |
| **Financial support: substitutes** | Payment of agreed income. | Payment of agreed income. |
| **Networking with labour market policy** | Full links with already existing active labour market and qualification measures. | Full links with already existing active labour market measures. |

### 3.1.4 Some Central Reference Points

It seems to be possible now, to identify some central reference points, which are important for the implementation of leave-regulations.

*The first reference point: The necessity of a national framework law.*
The example Denmark shows, how the national characteristics of the leave regulation can be effective and efficiently implemented on regional level as well as the substitute principle as a specific form of combined continuing vocational training for employees and unemployed persons. The central leave regulation is an important national clamp of many different employment and qualification measures. In Denmark, this substitute principle is implemented within an overall framework of a labour market and qualification policy. The substitute principle is here now a 'steering' principle of active labour market and qualification policy. The already existing general conditions of national labour market and qualification policies are used for these substitute regulations. job-rotation is a supplementary strategy to the system, an innovative method for the promotion of continuing vocational training and furthermore also for the continuing vocational training of unemployed persons.

*The second reference point: Networking with existing active labour market and qualification measures.*
In Denmark, the network between the national framework leave regulation and the other labour market and qualification measures is very tight. This applies both to the national as also for the regional implementation levels. In the Netherlands, the enterprises can in future use also the national labour market regulations and sectoral arrangements for leave financing. The implementation level for this regulation is the agreements between the social partners in the O&O funds.

*The third reference point: Concrete level of implementation (regional or sectoral)*
After the discussions in the transfer-workshops the concrete implementation level seems to be definable now. The effective/efficient implementation level of an integrated labour market and qualification policy is not the national but the regional and/or sectoral level. Regional/sectoral decentralisation is an important precondition for the implementation of innovative forms of continuing vocational training.

*The fourth reference point: Prior use of the instruments according to the leave targets*
The prior use of the instruments according to the leave targets allows a targeted promotion of continuing vocational training. Only in Denmark, the amount of the benefits is distinguished depending by leave targets. The financial benefits for the employees on leave give preference to training-leave. In the Nether-

lands care-leave seems to be much more important. The steering of the leave according to the leave targets should be determined nationally. This control of the amount can use the amount of financial support for the employees on leave and also the enterprises.

*The fifth reference point: Mixed financing options.*
The criterion budget-neutrality restricts considerably the implementation of the labour market and qualification policies. For the Netherlands it does not seems to be very helpful, that this regulation is implemented on the background of severe cuts in the social security. Budget neutrality means here, that the active control instruments which are implemented in leave regulations are limited clearly by their effectiveness.

### 3.1.5 Approaches to Combine Continuing Vocational Training for Employees and Further Training for the Unemployed

The discussions showed, that the relatively rigid division between the three 'subsystems' of continuing vocational training in Germany (– thus between individual continuing vocational training, in-company continuing vocational training and the further training for unemployed persons –) hinders the realisation of innovative forms of the active labour market and qualification policies. A national legislation in the field of continuing vocational training and the necessary decentralised implementation appears, under the general conditions, which dominates in Germany, (on the one hand the centralised regulated employment service and on the other hand, an enterprise-dominated continuing vocational training) therefore hardly possible.

### 3.1.6 Federal Educational Leave Regulations in Germany

The existing educational leave and qualification regulations are different per German federal state. The right of educational leave exists currently in 10 federal states. The regulations encompasses the total domain of general adult education (political, cultural and general continuing vocational training). The share of continuing vocational training in general adult education is low. Less than 2 % of all employees working in enterprises are using the right to go on leave.

The marginal use of the educational leave regulations, especially of vocational training, is caused by the structural problems of continuing vocational training in Germany.

- The educational leave is not a national framework but a federal regulation. The terms for educational leave are different in the federal states.
- Although the educational leave is implemented federal, these regulations are not combined with other regulations on regional level.
- The educational leave regulations are (possibly the public service is an exception) not really based in the enterprises.
- The organisations, which are implementing educational leave (i.e. adult evening schools, adult education institutions of the trade unions) are much more interested in general adult education.
- The educational leave regulations do not primarily provide continuing vocational training , but normally general adult education courses. These courses are not oriented to the work-practice and therefore not interesting for enterprises and/or employment services.
- The training courses are short-term (not more than 5 days per year, i.e. 10 days in two years). Originally there function was to arouse the motivation to participate to adult education.
- Possibilities of time cumulating and saving for educational leave are not provided.

The present structure and the marginal importance of the educational leave regulations in Germany cannot be a starting point for a leave regulation with a substitute principle – thus for an instrument of combining continuing vocational training of employees and unemployed persons. Marginal changes of the educational leave regulations cannot solve this situation.

### 3.1.7 The Pilot Projects 'Job-rotation' in Germany

The substitute principle is now in Germany tested out in pilot projects with the financial support of the EU (ADAPT) program. The EU pilot projects job-rotation are exempting employees of SME's, who are participating in continuing vocational training measures. During this leave period unemployed persons are acting as substitutes in the enterprises. These measures furthers the personal management in SME's as well as the (re)integration of the unemployed. These measures are characterised by combining different target groups, qualification demands and financing models. These pilot projects are also propagating the introduction of corresponding regulations in federal government and/or federal state programmes. However, the introduction of such substitute models needs additional financial resources, personnel and organisational structures. Several variations of job-rotation can be found internationally. On the one hand there exists job-rotation as a part of the measures of the employment service (Nor-

way) on the other hand is job-rotation also an innovative form of active labour market and qualification policies (Denmark). In the case of the pilot projects 'job-rotation' substitutes can only be sorted out from a specific measure of the employment service. In Norway substitutes can be chosen from a general pool of unemployed persons . For the realisation of job-rotation in Germany such a substitute pool could clearly reduce the costs per placement (overhead costs).

The main aim of the pilot projects job-rotation is currently to propagate the substitute principle and to promote the method job-rotation in Germany. However, the measures of the pilot projects have to be linked in future with other regulations, otherwise they will stay isolated. After the withdrawal of the financial contributions of EU-ADAPT a new mixed financing has to be realised.

### 3.1.8 Law Initiative to change the New Employment Act (SGB III – Social Legal Code III)

The German Parliament discusses at the moment on the basis of the experiences with the pilot projects job-rotation the question whether it will be possible to introduce the substitute principle in the new Employment Act. The discussion centres around the proposal (of the Berlin governmental Department for Labour and Women) to introduce an extra clause to the paragraph, which regulates the integration contract and the proposal (of the CDU-CSU-FDP parliamentary parties in the Bundestag), which proposes to integrate such a substitute regulation in the continuing vocational training paragraphs. The new Employment Act , the Social Legal Code III, will replace after the 1. of January 1998 the former Employment Acts AFG and A(F)RG.

- Especially § 229 ff. concerning the re(integration) contract between employer and unemployed can be changed. These paragraphs regulate the promotion of the re(integration) of unemployed persons (who are at least six months out of work and who have placement problems). *'The employment service can support the re(integration) of unemployed persons, who are on the basis of a re(integration) contract employed by the employer in order to contract them after a successful completion'* (SGB III §229). The proposed changes could make the payments of leave periods on the basis of social security benefits more attractive to unemployed persons as well as for employers and employees, who are on leave. Thus a legal general condition could be created, which does not use the restrictive training measures of the employment service. The training measures will last up to 10 months. These changes would allow a longer-term financing of the substitute regulation by the employment service.

- The proposal of the CDU/CSU/FDP parliamentary parties in the Bundestag suggests to introduce an extra clause in § 89 of the Social Legal Code III. The paragraph could be reformulated in the following way:'*....A measure which meets the special interests of labour market policy to further mainly the training of practical vocational competencies or which serves the further training of a person on a workplace, which is temporarily vacant, because the person, who works on this place is on educational leave...*' This proposal aims to improve the chances of the (re)integration of an unemployed by means of a company-based further training. This reformulation supposes to contribute to the better use of work-places, which are temporarily vacant because of educational leave, for the further training of unemployed. This proposal seems to be somewhat problematic, because of the linkage between the substitute principle and the financing of further training by the employment service. At the moment the training-measures of the employment service undergo severe budget-cuts.

### 3.1.9 Conclusions for Germany

The general characteristics of the leave regulations in Denmark and in the Netherlands identify the reference points for an effective and efficient combination of continuing vocational training for employees and unemployed. The current situation in Germany made it clear, that such an integrated employment and qualification policy cannot be realised on the basis of the existing regulations (i.e. educational leave regulations), on pilot projects or even on the marginal reformulation of the Employment Act – of course such latter changes are politically welcome. However, the proposals to change some paragraphs of the Social Legal Code III seems not to be sufficient enough to establish an successful financing instrument. Moreover, the above mentioned reference points for a successful integration of employment and qualification have to be taken into account. This seems to be also important for the discussion of the social partners in germany, if they are aiming at initiating training leave as an instrument for the legal regulation of vocational training.

## 3.2 The Role of the Social Partners and the State Authorities in Financing the Continuing Vocational Training Measures for the Employed and Unemployed (U. Grünewald)

### 3.2.1 Preliminary Note

In the realisation of the existing financing problems in the field of continuing vocational training, the social partners in Germany do not play at the moment any role of importance. In the context of the LEONARDO-project, which is documented in this publication, the issue is also, why in Germany there are nearly no approaches, which use collective agreements supported by the public authorities, for promoting a policy of an integrated labour market and qualification policy which also considers the unemployed.

In order to be able to assess the possible role of the social partners within the job-rotation models, we have to consider the three following points:

- the relation of the social partners to continuing vocational training as well as the personnel and organisational development in enterprises,
- to the labour market policy as well as specially,
- their attitudes to questions of financing the continuing vocational training.

A further important dimension for the assessment of the role of social partners is the level of their participation. We have to mention here, the national, regional, sectoral as well as the enterprise level. On all mentioned levels the social partners are traditionally active. It has to be seen to what extent these traditional activities can be made useable for an integrated labour market and qualification policy and to what extent the range of these activities can be expanded or complemented. With a look to the structural situation in the partner countries of our financing project (Denmark, Netherlands and Norway), we also should evaluate the possible and desirable role of the public authorities in conception and implementation of an integrated labour market and qualification policy.

### 3.2.2 Relation of the Social Partners to Continuing Vocational Training and the Personnel and Organisational Development in Enterprises

In contrast with the other member states of the European Union, the social partners in Germany have in the field of vocational training legally fixed functions. A restriction has to be made which is for our deliberations of great importance. With regard to an equal participation of both the social partners are there are very important differences within vocational training. The control me-

chanisms within vocational training are based mostly on initial vocational training. However, in particularly in the in-company continuing vocational training, the enterprises are claiming the 'sole representation' on almost all levels.

Considering the advancing integration of the initial and continuing vocational training, which only can guarantee the flexible adaptation of the qualifications of the employees to the new technological and organisational requirements, as well as the tendencies in many enterprises to realise their qualification needs by means of short work-integrated refresher measures, there exists a considerable need for innovation of instruments for the social partners. The regulatory mechanisms to actualise the vocations seems to be not that important.

On the enterprise level, it is not sufficient to limit the dialogue between the management and the works council to the selection of participants and trainers for the company-based training courses as well as to wage, job security and co-determination questions. The continuous adaptation of the qualification potential of the employees to the new challenges in enterprises and the integration of the employees and their representatives is a central condition, in order to be able to compete in the future.

The instruments of the 'Workplace Labour Relations Act', which are referring to the co-determination right of the employees in continuing vocational training, are outdated and reflect a continuing vocational training approach, which understands the participation in a continuing vocational training measure as an element of the enterprise social policy and not as a key element for the development of the enterprise and of the individual competencies. Technological and organisational changes were interpreted during the introduction of this Act only as an instrument for the abolishment of tayloristic work-structures (euphoria of the 'technological progress') and for the reduction of routine work and its ambivalence did not came up at that time.

The above described situation shows, that innovative approaches in the field of continuing vocational training will be seen on and have to be initiated most of all on decentralised level (the level of the sectors, of the regions and of the single enterprises).

Considering the continuing vocational training approaches of the Ministry of Education in recent years, it can be stated, that there do not exist approaches and considerations to put i.e. the educational leave regulations into a new perspective. In contrast, the aim to formalise the contextual conditions of the suppliers of training are still important and this restricts considerably the approaches of flexibility, which can be seen in the Scandinavian countries.

Also the blurring borders between the initial and continuing vocational training, which is by the way already stated by an expert commission which analysed the financing of vocational training at the beginning of the seventies, was up to now no reason, to discuss the role of the social partners and the public authorities in reforming the vocational training in Germany.

On regional level (with the participation of individual chambers of trade and commerce and their educational institutions), in individual sectors (i.e. the building sector and in agriculture), as the German transfer-seminar of the LEONARDO-project showed, there is on the other hand a fruitful discussion of the social partners about questions of continuing vocational training. This discussion does not exclude the general field of continuing vocational training and the in-company-based continuing vocational training. Furthermore, the participation in national and European pilot projects shows the interest in such discussions.

### 3.2.3 Relation of the Social Partners to the Labour Market Policy

Also in the labour market policy and there in particular its preventive qualification instruments, the innovation potential of the structures and of mechanisms in Germany has to be judged extremely sceptical.

The Federal Institution for Labour can be defined as a 'fund-based' system within the social security. Here, the qualification instrument is an important part of the measures. In contrast with i.e. the situation in Denmark, the determination of the federal contributions and especially the implementing of these contributions is not comparable with decision-mechanisms, which are developed on the basis of a co-operation between the state and the social partners (tripartite system). This determines i.e. in Denmark the discussion on all levels.

The most important result is the subordinating role of the labour market policy, in particular its preventive part, under the respective budget restrictions of the federal government. A continuous labour market policy which is oriented to middle-range objectives is almost not possible under these general conditions. The "successes" of the approaches to establish an employment pact on national level are well-known indeed and this signalises the increasing helplessness of the policies of the federal government.

The rule in enterprises TIS a strict compartmentalisation of measures for unemployed persons, which are based partly on the contributions of the employers to the employment benefit regulations (the unemployment fund) and the qualification of the employees, which also is benefiting for the majority of the enterprises. Moreover, in recent years the system of social security (in particular the pension and unemployment insurance's) was used to an extent not known before to rejuvenate the core staff and to lean the enterprises because of globalisation. An decrease of the average pension-age of less than 60 years followed.

Approaches of an integrated labour market policy, which also integrates the unemployed persons into the implemented measures, can be find already, as in

the field of continuing vocational training, on regional level and in a few sectors.

Faced with the German tradition, which was for a long time also the policy of the unions (especially the unions of the skilled workers), to concentrate the policies of the employers- and the employee-organisations on the employees, it is not surprising, that only when there is a regional a sector-specific shortage of labour, in spite of the general high unemployment, collective agreements are agreed upon with qualification-measures. This seems to be especially the case in the Dutch regional and sector funds.

An example for this is the agriculture in the new federal states. The shortage of labour led here to the integration of former employees into the educational measures of the collective agreements in the agriculture and forestry as well as the explicit integration of participants of the job creation schemes in the nation-wide collective agreements.

### 3.2.4 Relation of the Social Partners to Financing of Qualification Measures

In the Federal Republic of Germany at end of the sixties (at the times of the latest Great Coalition) there existed approaches to reach a societal consensus for far-reaching reforms of the vocational training. Central to these discussions was the introduction (at first in initial vocational training and later also in continuing vocational training) of nation-wide financing by funds. This topic is discussed now controversially since more than 25 years.

Employer's associations, CDU/CSU and FDP on the one hand as well as the unions, SPD and Green Party on the other hand are the opponents of a discussion to which a compromise is not to be foreseen.

Moreover it is problematic, that this discussion is concentrated on the quantitative aspects. Furthermore a fund-financing is linked very closely to the prognosis such a form a financing will be public bureaucratic administration of the available financial means

The increasing problems in the field of continuing vocational training should be tackled. In comparison with the 15 other EU-nations a training-seminar has the shortest average duration. Also the increasing importance of work-integrated training and the more limited use of the attained qualifications on the external labour market are of importance. Adequate impulses of the social partners on the national level are also here not foreseeable.

Also here approaches to this question are to be found on the decentral level. There are existing fund-solutions, which are negotiated upon in collective agreements for initial vocational training in the building, the horticultural and the scaffolding sector. In the scaffolding sector initial vocational training is combined with the advanced training for the sector-specific employees. In the Agri-

culture and Forestry sector also the unemployed are integrated in the sector-specific training. All these are approaches, which can be a basis for integrated qualification-measures.

In the federal state of North Rhine Westphalia (NRW), there is the proposition of Prof. Timmermann to establish a fund financing for the Chambers of Handicrafts. The problem of this proposition will be, that also enterprises have to pay into the fund, which do not use the trained employees and thus have to co-finance qualification-intensive sectors. In the single sectors and on the basis of qualitative agreements of the social partners of these sectors could it be more easier, to encounter the short-sighted underinvestment of single enterprises.

However, these above-described sporadic approaches stimulated up to now one to take over the model approaches from the Scandinavian countries and the Netherlands. Here the EU Commission has to give impulses for employment and training initiatives, to establish regional networks and to subsidise the collection of trans-national experiences.

## 3.3 The Experiences of a Staff Member of the 'Centre for Vocational Training and Promotion of Economic Performance' with three Workshops, where Questions of Financing the Continuing Vocational Training were discussed (Th. Hintz)

The task of the author as a representative of the financing model 'Simmerath' in the project was to present the 'Centre for Vocational Training and Promotion of Economic Performance Simmerath' with its national unique organisation. The responsible association of the joint training centre is the BGZ. Members of this association are the Chamber of Handicrafts Aachen, the trade union Bauen-Agrar-Umwelt and the founding society for the promotion border region district Aachen.

The BGZ Simmerath is a model – unlike the other models, which are in the workshops presented, discussed and evaluated with regard to its possible transferability – not in the field of the financing of continuing vocational training but because of the special associational construction. The financing of continuing vocational training corresponds to the normal case in Germany: it is borne predominantly by the participants, legally supported by the new advanced training promotion law for Master Craftsmen and not any more by the employment law.

The responsible association essentially finances the maintenance of the buildings and the management of a leisure centre, which is connected to the boarding school. The unique co-operation between a Chamber of Handicrafts,

a trade union and a private organisation should be emphasised. Also the special engagement of the trade union IG Bauen, which furthers since 25 years – a non-trade union – joint training centre, shows this. Furthermore, the models of financing in the German building trade, which are regulated by collective agreements, were also represented. The representative of the BGZ presented the fond regulations in the training in the building sector and Mr. Adams, a senior representative of the building trade union, presented more intensively the Social-Desk regulation with regard to continuing vocational training in the scaffolding sector.

The models, which were discussed in the workshops, which were of special interest to me as a representative of the BGZ-Simmerath, were the different means of regulation of job-rotation models in Denmark and Germany. These job-rotation models qualify employees and unemployed persons simultaneously. In the discussions of the different workshops, presented also by different representatives of the models, became it more and more clearer, that job-rotation is not a generally manageable nor a generally transferable solution instrument, but rather a system-supportive strategy, which however always has to be adapted to (partially regional) given general conditions and requirements.

It is to be noticed critically, that the implementation of job-rotation is complicated. A more far-reaching continuation of job-rotation in Germany, after the cease of EU-financing, given the legal general conditions and the financial promotional instruments in Germany will be very difficult. This is the more regrettable, because a demand for such job-rotation regulations seems to be – especially for SME's – very high, because the sending of employees for continuing vocational training leave is becoming for SME's increasingly difficult. Whether job-rotation, e.g. in the German building trade, can be integrated in collective agreements remains to be discussed. The merits of the workshops are however the detailed evaluation of the different organisational forms and possible implementations of job-rotation, which stimulated the discussions.

Much interest existed – from the viewpoint of all participants and here in particular in the workshop in the Netherlands – to answer the question about the obviously successful strategies in Netherlands and in Denmark for solutions to long-term unemployment. Essentially the success in both countries depends on the tripartite negotiations of the political actors (state, unions, employers' associations) in the active qualification and labour market policies. Such a consensus and also pragmatism unfortunately cannot be found in Germany at present; the developments in training in building sector shows rather a contrary development (here the training-time of 37 weeks in the joint training measures, which was settled by collective agreement, was in spite of the continuous negotiation between the social partners replaced by the legislator by a marginal regulation, which in practice will be defined in accordance to the lower tolerance limit).

Models of financing the continuing vocational training can in Germany without exception be found in the sphere of influence of the social partners in the building trade and in the forestry and agriculture sector] (in both fields therefore influenced by the trade union IG Bauen) From the other countries, which were involved in the workshops, it became known that the social partners involve themselves there in financing of qualification measures on a much larger scale. From this point of view the trade union IG Bauen appears to be "Europe-compatible".

In Germany also the State increasingly withdraws itself from the promotion of the continuing vocational training. However, this seems to be – on a different scale – the case in all countries.

Besides the in-company continuing vocational training, that is possibly more intensive in the big enterprises than in SME's, the German employers appear to involve themselves financially increasingly lesser in the continuing vocational training. The financing of continuing vocational training is more and more left over to the employees themselves. Partially important differences were noted here in the Netherlands, Denmark and Norway.

Furthermore, the promotion in Germany and the EU aims almost exclusively at the so-called special groups. Of course, the disadvantaged groups on the labour market require support, their integration should be supported without fail. That must not however lead – also in the case of decreasing financial resources – to the complete seclusion of those groups, which finances the labour market instruments, thus the employees. The German and the EU policies should consider more the economic pressures, which effects the work of the employees in the trade-industry. The general economic conditions for the employees makes it for the individual employee more and more difficult to bear the financing costs of the necessary continuing vocational training. If – as is the case in Germany in contrast to the other countries which are involved in the workshop – neither the State nor social partners (besides the German building trade) and also not the EU helps to secure, that the employees in a globalised competition stay 'top-qualified', then the German international competition problems will be in the near future more intensified.

The importance of the other explicitly discussed topic "informal forms of continuing vocational training", the integration of work and learning at the working place increases in practice and is increasingly subject to the public discussions. However, the participants to the workshops appeared to have to reach a consensus, that this cannot be a field for regulations or even collective agreements. Here, learning is immediately coupled with the – partially "spontaneous" working conditions. Contents-related or organisational regulations appear to be hardly possible. In addition, the interests of the employers are here so direct, that for such – work-integrated learning processes, which are anyhow backed by wages or salaries, no co-financing is or can be expected. However, it has to

be noted here, that from the financing point of view this does not seems to be relevant, but there are existing here research necessities: how does this learning takes place and how can it be optimised – e.g. by other forms of continuing vocational training.

Finally it should be stressed, that the organisation of these European workshops has led to very interesting and stimulating discussions. From the German point of view it should be noticed, that the different and normally very pragmatic implementation approaches in the Scandinavian countries and in the Netherlands are or should be examples for the labour market and qualification policies in Germany. However, the intensive discussions of the different means to implement job-rotation models seems to have shown, that a direct one-to-one transfer neither is possible nor useful. Rather, the particular structural, sectoral and national (also regional conditions has to be considered and thus a particular implementation-strategy should be searched for.

In general, as such specific problems are showing, should be stated, that the innovation potential and the innovation readiness is at the moment much more pronounced in Scandinavia and in the Netherlands than in Germany.

One should notice critically, that also in the workshops, the problems of the disadvantaged on the labour market had much more attention, than the problems to promote continuing vocational training. It seems to me to be an open question – perhaps somewhat overstatement, whether the normal case, thus (still) the employee has to become a "special case" before the economic central questions of vocational qualification gets the necessary support.

## 3.4 The Experiences of the Representatives of the 'Development Agency Agriculture and Forestry' with two Workshops, where Questions of Financing the Continuing Vocational Training were discussed (Th. Hentschel/B. Riemer)

The undersigned persons participated in the workshops in Norway and Germany.

To report solely about the results of the transfer-seminars for the project 'Financing Models of Continuing Vocational Training' would not reflect sufficiently our results and experiences with the project. Only an overall view of the activities before and after the transfer-seminars shows a comprehensive picture of our experiences.

From our point of view, we have to point out essentially three fields of action, which played fur us an essential role in the experiences we received:

- the personal contact with the project actors, in particular with the project management,
- written information about the course of the project (preliminary materials for the transfer-seminars and protocols,
- participation to the transfer-seminars.

The personal contacts with the project management and the current information on the project essentially added to a good preparation of the transfer-seminars. The same also applies to finishing up of and reflections over the transfer-seminars. With the written information of the project management the individual project developments could be followed at any time.

*The Transfer-Seminars*

Supplementary to the before handed out materials, the individual projects and models of financing were presented by the representatives. For our analysis and considerations of these models, four points of consideration were interesting:

1. sector-specific solutions

Starting from the sectors, in which the presented projects are based, the question arises up to what extent the measures and/or the experiences from the measures are transferable to other sectors. It was very important in which economic situation the sector was in as the projects were planned and implemented.

2. The actors

A special emphasis of consideration concerning the actors referred in particular to the role of the social partners and of the state, namely whether they acted as initiator, manager, promoter of the subsidisers of the projects.

3. The project structure

Essential criteria's are next to the inner structure of the projects also the integration of the actors and the mechanisms of implementation.

4. The respective national societal conditions.

The financing models in the vocational training are apparently very strongly dependent on the respective political and societal conditions of the individual countries. An initial hypothesis could be, that such models are supported, which are conform to the ruling political and ideological lines of the governing parties.

Starting from these criteria, the discussion about the individual measures were very interesting. In addition to getting to know the individual models the possibility to evaluate the own work and to develop new ideas was also an essential motivation to participate in the transfer-seminars.

The discussions showed us, that most of the presented projects resulted out of actual problems, e.g. 'job-rotation' (division of work at times of mass unem-

ployment). 'Qualification Fund' (adaptation to structural problems in economic sectors). 'Social Cashdesk' of the scaffolding trade (established as a reaction to structural modifications in sector training). Due to the current labour market situation the discussions in the project centred most of the time around the project "job-rotation". The actual and problem solving innovative project became in the discussions more important than the financing solutions, which are based on collective agreements, such as the Social Cashdesk in the scaffolding trade and the 'Qualification Fund'. The question here is, to what extent such financing solutions based on collective agreements are flexible enough to react to new problems – and whether this is useful.

The experiences from the transfer-seminars with regard to the sectors obviously showed, that in view of the training activities of the participating projects the implementation of training was more or less in line with the usual training activities. Innovative approaches, in regard to the didactic means, the training field of the projects as well as also to specific innovative approaches of new activities within the sectors, did not play hardly any role and/or were not recognisable.

In the presented models the social partners were integrated as actors. The countries from which the presented projects came from look back upon a long tradition of negotiations between the social partners. This seems to imply a positive automatism for the implementation of measures. Contradictions, which are evoked by the different interests between capital, labour and state, were not or hardly not discussed. Indeed, it appears reasonable and correct to sort out such differences of interests purely because of practical reasons from the project work. However, on the basis of our of own daily experiences, these projects are heavily dependent upon the general political decisions and on decisions made by political agreements. The problem to integrate such discussions in the immediate project work should be discussed more.

The structure of the presented measures was certainly the field, which coincided mostly with our own experiences. A lasting impression is, that many interesting stimuli for a further development of existing projects or for the development of new projects could be identified.

We have to note especially the possibilities to combine different financing sources and the co-operation of different actors.

The necessity to find different financing possibilities will increase, with the demand for the integration of the unemployed into further training, especially with respect to contact unemployed with work in enterprises. Should the unemployed not only be qualified in non-company training institutions, then resources of the enterprises must be available. With solutions based on collective agreements it is important to create possibilities for the employer's associations and/or the enterprises to find financing sources for the co-financing and to create in this way incentives for the implementation of further training of the unemployed.

The work in enterprises – the contact to the enterprise – is, as a part of the further training of the unemployed, very important for their placement chances. However, this supposes an intensive integration of the enterprises and the training providers into the further training project. Our own experiences are showing, that this integration process is not always very simple.

A decisive prerequisite for the implementation of such projects is the furtherance of the state. The parties to the collective agreements can realise state-independent financing solutions. However, this is certainly not realistic for the further training of the unemployed. From the reports on the transfer-seminars it seems for us clear, that a co-operative structure of state, employer and unions require innovative solutions. The task of the ruling government is to create a climate in which such a co-operative structure is possible – or in other words: a government which practises confrontation, will also not further co-operation where this is necessary.

*Results for Our Own Work*

From the participation in the transfer-seminars, the following experiences could be won, which can influence relevant developments in our project work:

- The transfer-seminars offered the possibility to inform us deeply about the presented projects. The intensive information rendered possible to introduce new innovative ideas into the own project work.
- Faced with the financial situation of the state, innovative solutions for the financing of further training projects become more and more urgent. A demand for the combination of different financing sources will be increasingly asked for. In this case, enterprises can play in future a more significant role with regard to the models based on collective agreements and the integration of individual enterprises into the projects.
- An important conclusion, which could be won from the project "Financing Models for Continuing Vocational Training" is the necessity – in the case of solutions based on collective agreements – to create the possibilities for innovative models. For our part, this will be more strongly emphasised in future discussions or negotiations.
- During the planning and implementation of new projects, a more intensive integration of individual enterprises will be tested and asked for. This in the field of financing as well as in discussions about a structural implementation of measures.
- In order to promote the integration of enterprises in continuing vocational training we have to develop informal structures on regional level. One can think about regional, sector-specific further training, which integrates regional actors as well as social partners. Within the framework of such further training new models can be discussed and can be linked with "traditional" financing solutions.

The discussions in the project showed some open questions – e.g. in the transfer-seminars some following points could not be discussed:

- a contents-related discussion of the measures, in particular on the background of creating innovative new jobs;
- the integration of the social partners into the implementation of further training measures, in particular the necessary mechanisms ;
- the possibilities of networking the measures on regional level both with other sectors as also with other possibilities which promotes participation of the unemployed and/or employees.

## 3.5 Job-rotation – a New Instrument for the Employment and Qualification Policies in Germany (B. Uhrig)

Regulations for work substitutions are being discussed on all levels in Germany since '94/95. The debates in Berlin, which led to the establishment of the SPI job-rotation pilot project, were a follow-up of discussions on working-time models and the necessity for life-long learning. The positive experiences in the Scandinavian countries with the concepts of release for further training (utbildning vikariaten), job-switch and job-rotation resulted in these concepts being adopted within German framework conditions. The first pilot project on job-rotation (SPI job-rotation) was started under the auspices of the EU ADAPT programme in March 1996 and was a signal effect for further projects in other federal states: since November 1996 an ADAPT job-rotation project has been running in North Rhine Westphalia and since September 1997 also in Lower Saxony. Other federal states have pre-selected job-rotation projects for the second round of the ADAPT programme. Furthermore, other job-rotation projects are being tested without ADAPT funding (e.g. in Thuringia) or are in the application process.

This rapid expansion shows that job-rotation is a hit! The combination of qualification for staff on release with their substitution through unemployed persons seems to be an attractive idea to those involved in the fields of qualification and employment policies.

Different aspects, tasks and target groups which, up to now have always been dealt with separately, are now being regarded as an entity, e.g. training for workers is combined with qualification courses for the unemployed or for those threatened by unemployment.

Job-rotation is the actual combination of these two very different training offers, that means in this context that: A staff member is released to undergo further training and a relief substitute takes his/her place at the workplace during this period.

The concept sounds easy and uncomplicated and has met with great interest with all involved, even with individual firms and employers' associations which are normally rather more removed from the actual labour market situation. In actual fact however, arranging the necessary preconditions to enable this concept be used is a very complicated matter, calling for the consideration and combination of a variety of interests and instruments.

Job-rotation has two objectives: a) to increase company competitiveness and, b) to raise prospects of (re)integration for the unemployed. The task of the job-rotation project is to combine these differing interests, instruments and objectives. In this context, "investigating beyond our borders" is most helpful as we can learn about new ideas and concepts and find solid-based reasons to help us propagate and develop job-rotation here at home.

### 3.5.1 Learning from On Another – The Advantages of Transnationality

The integration of the SPI job-rotation pilot project in the transnational job-rotation network – made possible through ADAPT funding – as well as the active involvement in the LEONARDO project "Funding methods for further vocational training for the employed and the unemployed with co-operation from the social partners" both greatly support important aspects of further developing the rotation concept in Germany.

1. The diversity and flexibility of job-rotation can be seen in various forms: While in Berlin group courses are run with a single substitute for each worker on training release, in other countries usually fewer substitutes than fixed staff participate in the job-rotation projects, e.g. One substitute can stand in for three regular staff members who are released one after another to undergo training. In Austria, for example, there are three substitutes in a particular company to take the place of nine staff members in training; a large Swedish company has taken on 7 unemployed persons in order to qualify 16 employees. In 10 Scottish small to medium-sized enterprises a total of 15 substitutes were employed while 70 employees were on release for training. A comparison of these examples gives rise to further discussions and to testing new models. Whichever model is chosen, it remains important that the content matter and timetable of the job-rotation periods should be tailored to the needs of the individual companies and that the substitutes can be properly selected, given pre-training and the chance to get to know their jobs.

2. Job-rotation projects and courses must be carefully thought out and initiated, meaning that a management or co-ordinating body is of utmost impor-



32

tance. While the Berlin and Austrian ADAPT projects are being run by consultancies, the trustees of the other European projects include the following institutions/authorities:

a) Public authorities – The best examples are the Norwegian and Swedish models: Job-rotation is a labour market priority instrument and is thus managed by the labour offices. The obviously uncomplicated implementation of the concept in Norway supports proposals to introduce substitute funding as part of the SGB III *(Sozial Gesetz Buch – Legislation on workers' rights)*. The labour office supplies replacements for Norwegian employers who have arranged a training period for an employee and also pay a monthly sum of approx. 3000 DM towards the full wage costs (incl. social benefit payments) for the substitute. Thus, passive financial subsidies are becoming active in that they are partly, e.g. through social benefit payments, being redirected back into labour office resources.

b) Further training authorities – Further training institutions which work closely with the trade unions (e.g. WEA/Scotland, ABF/Sweden, AOF/Denmark) see the (temporary) employment with social insurance of substitutions as an important aspect and use different funding sources to finance this module (e.g. Scotland via ADAPT; Netherlands and Denmark via further training funds; Sweden via the labour administration. Independent training agencies however, do not lay such great emphasis in this particular aspect as their prime interest lies in further training and re-training programmes.

c) Further training funds – various associations which administer certain funds are becoming more and more interested in the job-rotation concept so perhaps already existent funding could be used more effectively. The discussions around the LEONARDO project have raised this theme but, since there is very little money available to finance further training, an important tool for an uncomplicated initiation and financing of job-rotation is lacking. Permanent funds could work out to be a very exemplary method of financing especially when the trustees include the social partners. This would guarantee propagating the interests of both job-rotation target groups.

d) Universities – Universities managing job-rotation projects are mainly involved in the transnational EU networks and in developing new course modules (e.g. for the tourism courses) assessment modules or distant learning elements. These concepts are of great advantage to all the projects and to the successful implementation of courses.

e) Consultancies or external management – These include SPI in Berlin, BFZ in Essen, ÖSB in Austria, the Job-Rotation-Office in Denmark as well as the Foreign Ministry in Portugal (interested in employing immigrants as substitutes). They lay emphasis on close co-operation with external training agencies and in developing further funding sources and framework conditions. Furthermore, they also present the job-rotation concept on both a na-

tional and European level while developing new ideas and programmes. In the context of these discussions, national work release regulations must be considered, especially for such countries which already have the said regulations or have them in planning (Netherlands and Austria). The existing laws on educational leave in Germany are not very relevant to job-rotation as more than 10 days within a 2 year period are not granted.

### 3.5.2 The Implementation of Job-rotation in Germany:

Job-rotation is being discussed and tested as a new tool towards qualification and employment regeneration. These debates have so far been so positive that it is being considered that the substitution concept should be covered by the SGB III. The financing for the substitute is however, only one side of job-rotation – the costs for further training and the ongoing salaries for the permanent staff must still be covered. At present the regular wage costs continue to be met by the employer and the training courses are paid through ESF funds and/or partially by the employer. Again, it must be stated that various and differing funding sources covering different interests must be found to pay for the costs of job-rotation:

- when the costs of paying for the unemployed taking on substitute work is taken over by the labour offices, the main interest here is in the re-integration process
- when the workers on a release training period are financed through ADAPT, Target 4 or Target 1 regional funds, the emphasis lies in increasing the company's competitiveness chances
- further training companies are, just like consultancies, private employment agencies and external management bodies, constantly seeking new contracts.

One of the main pre-requisites for a successful job-rotation project is being able to find an equilibrium in all of these differing interests and expectations. This, in turn calls for the ability to build up and participate in networks which, no doubt, can be encouraged and fortified through transnational exchanges.

Job-rotation is not only looking beyond its own immediate horizons but also beyond geographical boundaries. In this context, the LEONARDO project has been very supportive and I hope that we can work together and learn more from our new co-operation partners in order to continue our role in Germany as active and positive participants in the current discussions. A country, which up to now, despite the high unemployment rate, has treated qualification and employment policies as separate entities, almost completely disregarding the general economic situation. The general European standpoint is otherwise and

I also hope that the discussions and propositions on the employment clause in the Treaty of Amsterdam will also find an echo in Germany and initiate a wider lobby for the cause. The job-rotation concept is a small but important step in a comprehensive employment policy which will hopefully be successfully implemented.

# 4. Danish Contributions

## 4.1 Reflections and Open Questions – inspired by the Danish Experiences with the Financing of the Continuing Vocational Training for Employed and Unemployed (J. H. Soerensen)

The dominant discourse in Denmark concerning as well general adult education as continued vocational training is that the promotion of both are of paramount importance. Since around 1990 all political parties have been in favour of a rapid expansion of adult education – and so has the social partners organisations and managers from leading enterprises. The general opinion seems to be that staff education (CVT) pays off – and that it is considered more or less as an absolute necessity to do well in the intensified competition on world scale.

CVT, it is argued, must be considered as necessary to modernise industry, to meet change affected by it, to adjust to customer-demand-led production, to quality- and flexibility needs etc. Furthermore, the high wage-level in Denmark (and its maintenance) has an over-average productivity as precondition, and, consequently, high levels of skills within the workforce must be established, maintained and expanded. The promotion of increasing productivity is therefore considered as a societal necessity – *also to maintain high standards of a welfare state !*

To augment *investments in human capital* is therefore to consider not only a matter of concern to management, ensuring sufficient CVT for their employed staff, but also an important task for government. As the general opinion is that private industry in general underinvests in CVT (and have short-sighted, poor or none planning of staff development) it also is a widespread opinion that it is a task for the public to establish more incentives supporting human-capital-investments and educational planning in the enterprises.

At the same time, it is the task of the public sector to keep the *vocational* qualifications of the unemployed up-to-date. It is also a task for the public sector to secure that the total labour Force has sufficient *basic (general) qualifica-*

*tions* to become motivated for – and able to engage in – life-long CVT. This also implies compensatory/egalitarian efforts, aiming at reducing in-equalities in the distribution of primary and secondary education of previous generations.

And, of course, to counteract risks of polarisation/marginalisation on labour market level, what could become a reality in case overwhelming primacy was given to CVT to *the employed* part of the labour Force.

This discourse of course motivates bettering the standards of the educational system, (including IVT) in general and it is certainly fundamental to the prevailing consensus around public support to CVT.

But not necessarily directed at the qualificational needs, *as they may be perceived by the individual enterprise*, pursuing growth in its own productivity. The broad consensus, existing up to the end of the nineties was a consequence of that also a number of other targets (besides promoting productivity and international competitiveness) was at hand in the Danish discourse.

### 4.1.1 The Multitude of targets in Danish CVT-Policy

State intervention (and economic subsidising) is also oriented at promoting mobility on the labour market by supplying *labour market training* (Danish abbreviation: AMU, Arbejds Markeds Uddannelse), giving CVT-courses with relevance for a whole sector, branch or trade – as for example for the electricians trade or for the process industries, instead of being directed only towards the specific needs of say a single fertiliser-producing factory.

Through the participation in AMU-courses of this broader-oriented type, workers ability – and inclination – to leave diminishing, bad-paying and low-productive firms (and sectors) and instead look for a new job in expanding, high-tech etc. sectors, is intended to be promoted.

By subsidising mobility, the AMU-courses does in this way supports structural modernisation and, indirectly, productivity growth on the national-economic level. They also enables continuos updating of the qualifications of as well unskilled, semiskilled and skilled workers, technicians and mercantile and clerical staff etc. – and , very important, they are open to as well employed as to unemployed. In 1996 around 300.000 persons – or a little more than 10% of the total labour force – participated in AMU-courses - and around 1/3 of them were unemployed.

Even if *the prime target of the AMU-system is labour market policy/ promotion of employment, it also contains elements of industrial policy*, as it promotes:

- mobility – that labour moves from low-productive to high-productive sectors

- flexibility – as better qualifications shapes a potential for increased vertical and/or horizontal flexibility within and between enterprises.

Furthermore, as the AMU-courses are *open as well to employed as to unemployed* ( and with practically no teaching fees + an economic compensation for income losses, equal to the unemployment benefit rate), it also helps reducing structural unemployment and to prevent "bottle-neck"-problems. Also in this respect a double aim (to support increased employment as well as productivity growth/industrial policy) is pursued.

The efficiency of the AMU-system has, of course, constantly been more or less under discussion, but the above mentioned functions on the labour market level are some of the more important arguments, which have been supported by as well employers organisations as by the trade union movement – and thereby legitimating that state has been spending quite a lot of public money on CVT.

But besides this legitimation of public expenditure on CVT, oriented at supporting *mobility* and a *well-functioning labour market*, there is also wide-spread support to use public money on supporting CVT promoting *modernisation and increased flexibility* in the single enterprises – e.g. also giving high priority to expanding and updating the skills of the adult workforce. Hence, the desirability of promoting educational planning (also at enterprise level) and supporting increased "investments" in "human resource development" has also, since the late eighties, become part of the common discourse.

These different purposes have been pursued in combined reform strategies and innovations in labour-market related educational- and employment policies:

- "job offers" as part of "activating programmes" for unemployed, where the labour market authority after a certain period of redundancy, differentiated after age groupings, are obliged to set up an "activation plan-of-action" combining training/education and work practice ("real work", either lasting 7 month by public employers or 9 month by private employers (since 1989) ("Job training for unemployed")
- expansion of possible fields and bettering of possibilities of establishing adult apprenticeships, in Danish *voksenerhvervsuddannelser*, abbreviated VEUD in the following.
  ("Upgrading of unskilled/disadvantaged in the labour force")
- combining the two above points through job-rotation, where unemployed, after having received introductory training, during their 7/9 months work practice replaces members of an enterprises permanent staff during the school periods of the latter, participating in VEUD or in other CVT-programmes.
  ("Job training *and* education")

These combinations are also supported in their implementation by "paid educational leave schemes", either set up by the state/legislation (uddannelsesorlov– VUS) – or through collective agreements, where around half of the Danish labour Force at the moment has a right to one or two weeks CVT pro year while maintaining nearly full normal wages. ("Rights to paid educational leave for the employed")

### 4.1.2 The Earlier Social Partner + State – Compromise-Model

The four points above signalises a change of priorities in Danish "active labour market"– and educational policies since the late eighties. The implementation of these new orientations are to a higher degree (than was the earlier "corporatistic" model) dependent on what is going on at enterprise level.

"Practice places" for unemployed as part of a "job-rotation arrangement" has as precondition that the unemployed already must have acquired relevant qualifications, also enterprise-specific, to step in and replace members of a firms permanent staff, while these are participating in CVT or VEUD – and, on the other hand, that management and employees (and their shop steward/trade union club) must have a positive interest in setting up CVT/VEUD-schemes in their own enterprise.

The latter implies *that the CVT (and VEUD)-supply must be experienced as desirable by both parties on enterprise level* – and this represents a change away from the earlier orientation of the AMU-system primarily towards the sectoral level. This orientation has since the Labour Market Education Act from 1995 become more *demand oriented* (and the different interpretations of this will be explained further on).

The earlier consensus rested upon that state recognition (and economic support) depended on a certain broadness in the qualificational targets of each AMU-course ("module"), thereby having "nation-wide recognised labour market value" within a certain branch, sector or trade.

*These "targets" were defined by committees with equal representation of respectively the relevant employer organisation and trade union* – and the formula for compromise was to be found around identifying qualificational needs in the expanding enterprises, often also the more technically advanced.

To the trade unions, this was a logical pursuit of interests, promoting employment (and better paid jobs), whereas it on the employers side supported that the more technologically advanced firms could be confident that their workers could cope with technological change (increased flexibility) – even if the AMU-modules in this way also had a "dark side", seen from the single enterprises point-of-view:

a) Probably their staff could, due to participating in an AMU-module, learn relevant new skills - but besides those skills directly relevant to the single enterprise, they at the same time would also learn "irrelevant" *skills useful elsewhere in the sector/branch.* Increased mobility is maybe good for societal economy – but not necessarily to the single employer, perhaps experiencing that workers quits after having had their skills upgraded.
b) Among what the individual employer probably would consider as "irrelevant stuff" could also be teaching of *more general subjects or even "political enlightenment"*, which the trade union movement since the early seventies had tried to promote and give a bigger place in AMU-curricula (to compensate for earlier injustices as most workers in their youth didn't get their "fair share" of general education).

But accepting these two types of "risks" was part of the compromise with the trade union movement, and it was exactly this type of "social compromise" that legitimised that financing the AMU-system was a public responsibility.

In this way, it could be summed up that Danish CVT-policy, with AMU as the prior instrument, has pursued a broader range of political targets :

1. augmentation of productivity, "modernisation" of skills, flexibility *(industrial policy)*
2. increased mobility on the labour market (labour market policy)
3. reducing unemployment through education and job training *(employment/social policy)*
4. promoting general qualifications, incl. societal knowledge *(educational/egalitarian policy)*

### 4.1.3 Demand Orientation of AMU-Policy – and Incentives to Promote Adult Apprenticeship

Even if all four aspects is still to be found - and integrated in complex financial and organisational patterns – in Danish CVT-policy, the balance between them has been changed in favour of a more "liberalistic" market-orientation. It became clear in the "Labour-Market-Education"– Legislation from 1995, aiming at replacing the earlier "corporatistic", common social partner interest articulation, by a demand-orientation, where "demand" is interpreted as what is stemming directly from the enterprise-level (which, as the trade-unions underline, should not be identical with letting management (alone) define the qualificational needs). To anticipate and meet market forces ("demand") has now become the most important "guiding star" to the AMU-system.

Apart from that, Regional Labour Market Councils (Danish abbreviation : RAR) can subsidise "educational planning"-projects, applicated for by enterprises.

Support can also be given to "rotation projects", allowing enterprises to have well-trained "substitutes", while members of their permanent staff are away on CVT-courses, at rather low costs.

Furthermore, in a lot of occupational fields, which didn't earlier have their "own" IVT (apprenticeship/alternance-based) such IVT's have within the last 5-10 years been established, and have, following a legislation from 1992, also become open to adults.

The "adult apprenticeship" version ( Danish abbreviation : VEUD = Voksen-Erhvervs-Udannelse) is rather favourable to formally unskilled, employed workers; if their employer also is interested , a contract for an adult apprenticeship education, lasting 2-3 years, will be set up .

Out of for example a 2-years VEUD as "process operator" , around 30 weeks are spent at Vocational School , implying no costs at all to the employer – and if necessary, a substitute during the school period could be subsidised with 35-40 DKR per hour. During the app. 1 1/2 year of "practice training" the VEUD-trainee will stay in his own firm. He will have to do (and learn) some other task/job function than he used to – but will certainly still be able to contribute to production during the adult apprenticeship. Training costs, even including an eventual replacement during school periods, are therefore rather low. If an employer is interested in this type of upgrading of staff members, experiences has shown that it can be done with practically no net expenditure (or even with a surplus), using the VEUD-scheme.

*Job-rotation schemes are therefore very favourable when and if the enterprise (and its staff) has a genuine interest in upgrading the skills of the staff in a broader sense – as the AMU-system is only free of tuition costs, as long as the curricula for recognised "plan-courses" are followed (and the same goes of course for VEUD); in case the firm wants that only enterprise-specific skills should be taught, it would have to pay the full costs. But for unemployed "replacers", there AMU-training could be made "enterprise-directed" and it will, besides teaching at the AMU-center, include practice periods in the firm before they become actual "replacers".*

Under all circumstances one of the often mentioned obstacles against educational planning and staff-CVT, that it is very hard to miss key-employees in the running of business, could be eliminated by well-functioning job-rotation schemes.

As the economic costs of staff CVT – using AMU and/or VEUD – are also very small and as some 80 mill. DKR is distributed this year as support to educational planning in enterprises, articulation of wishes of CVT from shop stewards and employees doesn't need to be very strong before they are put on

the agenda in the "co-operation committee" in the firm.

The *incentives* to engage in this type of "human capital investment" are therefore rather strong.

### 4.1.4 Contractual Agreements to Promote CVT

Finally, the social partners also tries to promote CVT and educational planning (in the enterprises). These items have become part of collective bargaining, and at the moment some 50 % of the LO (Danish TUC)- labour market (involving between 700.000 and 1.000.000 employees) has agreements, establishing 1 or 2 weeks (relevant – in the employers opinion) CVT pro annum as a right – and with practically full normal pay – to all workers having been employed in the firm for minimum 9 month.

These collective agreements normally also include that if just one of the parties on local (= enterprise) level demands it, an *educational committee*, with equal representation of the two sides, should be established, with the right of deciding for what and for whom the educational budget of the firm should be used.

### 4.1.5 Interest Articulation and Aggregation among Actors on Several Levels – explaining Danish CVT-Policy-Tradition

From *the levels* above the individual employee and the individual enterprise, a lot of attention – and economic support are also directed towards promoting CVT.

The expected *benefits* among the actors on these levels are rather differentiated, reaching form more "pure" economic ones to more general welfare benefits, such as bettering of living standards, promoting equality and democracy in general , "the developing workplace" etc.

To understand the Danish status quo – and how it has developed and its prospects – demands the understanding of interaction of *several – and un-co-ordinated – actors at one and the same time – and yet all acting within the general frames of the same "discourse", taking respect of all the four earlier mentioned dimensions !*

Still, it is a result of *political struggle* – between different interpretations of what is good for the wage-earners, the enterprise, for economic growth and welfare, for a nice life (including the quality of work, environment, society etc.). We will return to some of these differences – but political struggle can also be considered as a learning process and the "common lesson" in Denmark seems to

be that it is *rational to try to combine and integrate different aims in policies of promoting CVT, general adult education and reduction of unemployment – and that "job-rotation schemes" has shown to be (one of a number of) good instruments for that purpose !*

### 4.1.6 Struggles and Learning Processes as an Explanation of the Policy Formation Process.

Above was mentioned that the actual status ought to be seen as a result of a seemingly "incidental" process, resulting from the interaction of many actors at different levels and with different aims. Following the four aims/perspectives mentioned above, they could also be related to the "division of tasks" within the state apparatus, where the "prime movers" could be :

I. The Ministry of Industry
II. The Ministry of Labour
III. The Ministry of Social Affairs
IV. The Ministry of Education

Each of them takes initiatives – and each tries to co-ordinate/ integrate them with the policy of other ministries, but trying to put their own perspective in a dominating – and the perspectives of the other Ministries in a supportive – role. But in the implementation also decentralised/regional authorities and the social partners (both central, regional and local) plays an important role in determining the outcome – often despite of the intentions of the original decision-makers.

As example : *job-rotation in Denmark was not initiated by means of law, describing the possibility or the legality of such arrangements !*

But the possibility of establishing *job-rotation* "occurred" as in 1989 the Ministry of Education initiated a law on "Adult Education Support" ( the VUS-Act), defining economic support possibilities for participating in (primarily) general adult education and CVT – and the Ministry of Labour at nearly the same time initiated the law on UTB/ATB ( compulsory offers of education and/or job training to unemployed).

Soon after "somebody" at the grass-root level – trade-unionists, teachers and administrators from adult education institutions, regional labour market administrations and so on – found out how nicely the economic support possibilities of these two laws could be combined to – *job-rotation-arrangements !*

The resulting education to unemployed were delivered to 65 % by AMU-Centres, 34 % by VUC (general adult education centres) an evaluation in 1993 showed. Later, the initiative moved over more to the Ministry of Labour, who in 1994 – and in accordance with the overall politics of the new social-de-

mocratic lead government, taking power January 1993 – initiated the legislation on paid leave – for education or for parental or sabbatical purposes.

Already in 1994, 80.000 persons made use of the possibility of educational leave (and even if it of course is uncertain, it is estimated that 60% were "replaced" in their job, so that "educational leave" made a substantial contribution on to reducing unemployment figures.

This also meant widened possibilities for "job-rotation-schemes"; the number of persons involved were:

| | |
|---|---|
| 1994: | 17.800 |
| 1995: | 29.000 |
| 1996: | 36.500 |

Of these were 1/3 unemployed "replacers", 2/3 members of permanent staff on CVT (including VEUD). In 1996 the number of private enterprises participating were 980, public enterprises 280.

*Approximately 10% of all unemployed, participating in "active labour market programmes" in 1996, was involved in job-rotation-schemes !*

But the 1995- Labour-Market-Education-Act had also lead to a regionalisation of funds for Labour Market Training (AMU-courses); in 1996 a total of 9 billion DKR was distributed through the Regional Boards of the Labour Market Authority (RAR – administrating all parts of "active labour market policy").

This has meant a closer "intermixture" of the purposes of respectively using AMU to reduce unemployment and to support regional enterprises demands for qualified labour – and also ambitions of trying to motivate enterprises to make educational planning and eventually get support for this from the Central Labour Market Authority (AMS) and for development projects, making use of the scheme of the Ministry of Industry for promoting "Human relations in the work-place".

But to make such "mixtures" isn't easily handled by the normal authorities – and hence several more "creative" sub-agencies, having combined consultants expertise and relations and knowledge about more than one of the potential sources of project-financing, have been set up – including, of course, also consultants/experts/representatives from the providers of adult and vocational education, e.g. from AMU-centres, Technical Colleges, Commercial Colleges, VUC's etc.

But even if regionalised, this haven't meant a total departure from the earlier "corporatistic" model – as the RAR are constituted by 1/3 employers representatives, 1/3 trade unions representatives and 1/3 municipal representatives. These boards represent a guarantee that the superior orientation still is *to combine qualificational policy and active labour market policy* – but of course also with a view to what more specific could promote regional industrial development!

Constructing relatively independent "sub-agencies" ( self-owning, non-profit etc.) could more be seen as means of creating administrative flexibility and "responsiveness", shaping ability and capacity to take advantage of support possibilities from other Ministries ( and from the EU Social Fund etc.) and not only from the formal "master" of RAR, the Ministry of Labour.

In this way the tripartite RAR's represents new for articulating and aggregating the four interest dimensions, where the balancing between the four aims will differ according to the regional circumstances.

But, of course, this is not an organisation without troubles – and one great danger could be – as it is by the prevalence of *demand orientation* in general - that qualifications would become too enterprise-specific and thereby undermine mobility and flexibility outside the actual workplace – and that more general social qualifications would become under-prioritised.

This danger no doubt do exist – but the important fact is that a lot of actors – public authorities, social partners, educators, as well at central as at regional levels – are engaged in the policy process.

These actors has so far developed and acted on basis of a common discourse, a consensus around that all considered it a *"natural" or evident fact that public intervention and financial support was necessary to solve the combined problems of "active labour market policy", promotion of productivity and competitiveness, unemployment reduction and educational policy!*

The question has not been whether such a combined public policy was necessary; that was recognised by all parties!

But the discussions have been running over the priorities between the different goals; for who should how much public money go, according to which goals – and administrated by who ?

### 4.1.7 Remarks on Conditions for Making Integration of Different Aims of CVT Possible

This kind of understanding of the foundations of consensus ought to be taken under consideration when trying to explain how Danish labour market- and CVT-policy actually can be combined – and among what lines it probably can develop.

The *social compromise* around vocational education and training is deeply rooted, could be traced back to the Apprentice-ship Act of 1937 (if not earlier!), and has been the result of long political, administrative and organisational *learning processes* !

But the consensus about the reasonable in finding compromise solutions, combining the 4 different aims of labour market + continued education-poli-

cies, doesn't mean that conflict and struggle over what importance and what balance should be found in the formulation and implementation of the four aspects no longer prevails.

On the contrary, it seems as if the trade union movement is of the opinion that the increased "demand orientation" and decentralisation implies too much attention to the single enterprises perception of qualificational needs – and too little to the "national recognition of acquired qualifications" (securing workers mobility) and to "general qualifications", aiming at compensating inequality in the societal distribution of youth education.

The national employer organisations seems to be rather satisfied with having become rid of some of the influence from the "corporatistic" regulation, which they accused of being "stiff" (because of its demand of broadness and some length of each module to fulfil needs of "recognition", generally going beyond the qualificational needs of the single enterprise – and also the "un-necessary" general and societal topics included in the curricula). But in the employers opinion the real test of the validity of CVT-needs – that the customers would be willing to pay a larger share of its costs – haven't been more than symbolically realised.

In 1995 the price was set as low as 200 DKR pr. weeks AMU-course-participation – and furthermore excluding unskilled and unemployed from having to pay this! In autumn 1997 the government has proposed that the participation-fees should be totally abolished.

But maybe this "love" *for more market* – and less state-organisations-regulation – also aiming at reducing public subvention (and expenditure) could seem to be more "liberal ideology" for external use from the central organisations. At least local employer organisations are eager participants in RAR and other regional arenas. They seems to be functioning on more "middle-of-the-road" Danish consensus-terms in formulating and implementing labour market politics!

### 4.1.8 Open questions – will "Organic"/Integrated Policies Gradually be Replaced by More Individualistic Market Forces ("Demand Orientation") ?

During the autumn 1997 some signs of crumbling of the broad consensus around the necessity of increasing public support to HRD and CVT has become apparent. In the discussions over the coming years state budget, the liberal and right wing parties has suggested reducing state expenditure on adult education by 3 billion DKR (whereas the actual amount of money, distributed by the state to the RAR's for "active labour market politics", sums up to 9 billion DKR).

This could imply more future attention to whether state support ("investment") in CVT pays off:

- does it create benefits to individuals and enterprises, indicating that a greater part of the costs should be carried by them ?
- or are state money being used on CVT with very marginal benefits ?
- or is state support superficial – in the sense that CVT-support is being spent on purposes that private investors would themselves have financed, also in the case of no public financial support (mentioned the "dead weight" problem by the economists from the Ministry of Finance)?

As already mentioned, the Social Democratic led Government has announced the abolition of the 200 DKR a week AMU-tuition fee – and the above type of reasoning points in exactly the opposite direction, e.g. towards higher and more differentiated user-fees for participating in CVT organised within the frames of AMU.

This could imply political struggle and possibly set-backs for the AMU-systems relative importance in the supply of CVT.

In this respect also the expansion of "Open Education" is important. It is used primarily by wage-earners with higher education's than that of skilled workers, of the more ambitious and career-oriented employees and the independent entrepreneurs. The most important differences to the AMU-system are:

- the supply is fully dependent on the demand by the "customers", looking for qualifications that either their employer recommends them to acquire (and eventually pay the tuition fees plus compensation for income losses) or the individuals chooses independently (and pays all costs on their own) and aims at acquiring qualifications that would increase the probability of getting a new job – or a better job, making career, within the firm in which they are already employed.
- there is not, as in the case of the AMU-system, an automatic right to receive compensation for income forgone during participation of a CVT-activity organised as "Open Education". Some might apply for and receive VUS-support and some would have support if they participated as part of a "personal activation plan", set up in co-operation between an unemployed and the Labour Market Service. But most will have to "invest" the tuition fees and finance income losses by themselves (or reduce their leisure time drastically!) – or they will have to ask their employer for support (and as we are talking about the more career- and individualistic-oriented segments of the Labour Force – it is unlikely that these groupings have turned to collective solutions in the form collective agreements, defining a right to a certain amount of CVT for each).

These characteristics could make the "Open Education"-system more sympathetic to the liberal and right wing parties – and maybe to the employers organisations, too?

By expanding this and reducing AMU, the same volume of CVT could be produced – but more regulated by market mechanism and with increased private – individual and enterprise – financing – and with a reduced public share of the financial costs of CVT.

But still there are also employers in favour of the qualities of the AMU-system and a more societal-organisational regulation of CVT. What could be endangered by increased reliance on "Open Education"-principles would be the flexibility and mobility as well inside as between enterprises – and also a *polarisation in the Labour Market* could occur as a result of that only the employed part of the core labour Force could afford – and/or persuade their employer to do so – investing in CVT.

This would marginalise those who are unstable or occasionally employed (which is habitual in f. ex. the building and constructing sector) and give relative disadvantages to those employed in SME's.

Unemployed would have to be taken care of by the Labour Market Service – and would probably not get the same possibilities for choosing courses themselves and to participate in CVT alongside with employed colleagues as they have in the existing AMU-system

Another scenario that could be considered is whether the decentralisation of the "active labour market policy" to the RAR's could lead to a distortion between "the four purposes", giving top priority to promotion of growth of local enterprises ?

The "demand orientation" could tempt the local/regional "suppliers" of AMU-courses – e.g. the AMU-Centres, the Technical Colleges, the Commercial Colleges etc.) to orient curricula and content of CVT-courses primarily towards needs expressed by "the bigger customers" – and that would be the local large enterprises and the regional Labour Market Service, having a number of unemployed that they are obliged to buy CVT-places for.

This could mean that those from SME's and the parts of the labour Force oriented at *voluntary and active mobility* would be squeezed out.

But this is maybe a far too pessimistic prognosis; experience with RAR-practice is only two years old and so far it seems as if all 14/15 RAR's – of course with variations related also to their different structural environmental and conjunctural situations – have had the ability to find balanced compromises between the "4 purposes".

The further development will show whether the RAR's will be able to establish policy networks, also involving the suppliers (the Educational Institutions, including also VUC's etc.) and to establish a co-operation over articulation and aggregation of demands – and over production and development of CVT – in

a way oriented towards a balance among the " 4 purposes", able to establish and maintain consensus!

## 4.2 Historical Review of a Case, which used Job-Rotation in the Enterprise – "Fibertex" (J.H. Soerensen)

The working of job-rotation-schemes is illustrated in a number of case-stories in the main-report over Denmark. But that the broader scope of goals of CVT exists also for the actors on enterprise level could be illustrated by the case of Fibertex, a factory in Aalborg producing artificial non-woven textiles, e.g. a process-industry factory and one of the pioneers in using job-rotation-schemes.

At the first occasion, 1991-92, the initiator was AOF (Workers Movements Organisation for Adult Education and "Enlightenment") through which the shop steward from "Fibertex" became aware that there was a possibility of combining the UTB/ATB-law (on educational/job-training offers to unemployed) with the VUS-law ( economic support for educational leave).

The scheme set up implied that around 120 of the approximately 180 unskilled operators at Fibertex between Dec. 91 and Oct. 92 participated in education in voluntary, freely elected general subjects in 3-weeks-courses, aiming at breaking downs obstacles against education and personal development.

This became possible because prior to dec. 91, 12 long-time unemployed persons had been educated/trained to replace the 120 permanent staff members, each being away for 3 weeks.

The training of the 12 unemployed, starting early 1991, consisted of 31 weeks "process industry AMU-courses", including 12 weeks practice training at "Fibertex". After finishing that, all 12 got a "job training offer" lasting 9 month at "Fibertex". In this way, the costs of the project were very low for "Fibertex".

The second round took place 1993-94, but this time management had some influence on the training of their permanent staff members: It became compulsory to participate, it lasted 2 times 2 weeks and consisted of half general , half enterprise-specific topics (and as before, the AMU-system delivered qualified "replacers").

Management clarified its goals : organisational development, job enlargement, expanded flexibility (especially to let the operators do more in repairs and maintenance), promotion of co-operation and responsibility amongst the staff. Contrary to the first round, the permanent staff this time expressed dissatisfaction with the "general topics" – and considered the enterprise-related more interesting – but were later on disappointed with the lacking follow-up on it !

In 1995-96 the third round took place – but under quite another climate as there shortly after the second round had been made a reduction in the operator-staff.

Again, AOF was the initiator, supported by "JOB-NORTH", a semi-independent body, connected to RAR for Northern Jutland. This time, ideas of "the learning organisation" was intended to be implemented. For the permanent staff, it implied that 143 operators participated in 3-weeks courses between February and September 1996 ( and once again with previous education of "replacers").

But this time – and clearly opposed to the first round – the operators demanded that their 3-weeks-courses had to be of direct relevance for improving their own job performance.

In other words : they rejected more "general" subjects.

They had "learned the lesson" from the sackings in 1994; just to maintain their own job, they had to get CVT supporting their efficiency. Due to all the "replacers" that had been educated during the 3 rounds of *job-rotation* at "Fibertex" a lot of able and "further-education-minded" people was standing outside the factory-gates, just waiting for a "job-opening".

That this dynamic development had made the operators very keen to let their CVT become very oriented towards *what they expected that management wanted* ought not to be surprising.

Nevertheless teachers from AOF expressed disappointment of the "interest-narrowness" of the workers, compared to the great interest in "general topics" from the first round.

On the other hand it seems as if management has had a rather keen and long-sighted interpretation of restrictions to and open possibilities of development. They expressed that the first round had been a necessary step to change factory/workers collective culture – where general topics and reliance in abilities to be able to handle basic cultural skills was seen as a very useful means to establish motivation and self-confidence among the workers that they could succeed with CVT – and in this way "general adult education" could reduce obstacles against education and job expansion.

After finishing the 3. round management noticed that *benefits could be accounted;* operators did take more responsibility, they maintained and repaired the process machinery and it was far more seldom that they needed help from the skilled repair crew – or from technicians and foremen in job planning and -preparation.

This case-story could illustrate that the scope of interest in CVT of employers could be more broad – and refined – than normally assumed – and that CVT-demands, formulated "on behalf of" the labour movement – and intended to be "humanistic-general-education-oriented" – could show up to be rather

functional to a single enterprises-profit-maximising strategy !

As neither of the involved parts (in this case-story) would like to declare the learning's of *this* lesson in public – and as both would live far better by pretending to have divergent aims with CVT/adult education – everybody would be better off by continuing to say that "we can agree with our social counterpart that CVT and "job-rotation-schemes" are fine tools for integrating "active labour market policies and qualificational policies" – and we will bend our special interest towards another to secure that superior, common and societal interests will not fall victim to minor disagreements".

Even if the previous "corporatistic model" on central/national level has lost influence during the nineties, it seems that the social forces pulling in direction of co-operating over a "social compromise" are also inherent on the regional/decentralised level – even if that, in the case of Denmark, implies 14 differentiated co-operation-patterns with varying degrees of more emphasis on supporting the employment and productivity development in the single enterprises by means of CVT.

# 5. Norwegian Contributions

## 5.1 Proposal for a Reform of the General and Continuing Vocational Training of Adults in Norway (I. Eidskrem)

In this article I will shortly outline some aspects of the background of the proposal for a reform in the field of continuing education and training in Norway. After that I present the proposals made by a Committee appointed by the Norwegian Government with the task to deliberate the question of continuing education and training in Norway. I conclude the article with some comments upon some of the Committees proposals.

### 5.1.1 Background

Continuing education and training has to an increasing degree been given political priority the last 10 years. An example of this was the Employment Commission that was appointed by the Government to establish principle for "A National Strategy for increased Employment in the Nineties". The Commission

called attention to the great importance of a systematic competence development in the working community. Among other things one of the implications for the continuing education and training policies in the nineties was to create more comprehensive and consistent policy in the field of continuing vocational training and a more clear-cut division of responsibilities and increased input of resources. The Commission criticised also the actual situation of the continuing education and training in Norway. Compared to Denmark and Sweden, Norway had only to a little extent established leave-arrangement for the purpose of continuing education and training, educational grants and training offers for employed adults.

Following up the report from the Employment Commission an other public report appeared that among other things proposed that there should be established Labour market Council at county level. The idea of a Labour Market Council was based at a need of a strategic/policy-oriented co-operation in relation to the use of active labour market measures. The authorities wanted to see the labour market policy in relation to other policy areas like education, vocational training and the adult education policies. Parts of the labour market politics were to be linked up with the work of promoting industrial development in the counties. The labour market councils are advisory bodies with representatives from the Vocational Training Committees, the social partners, the industry-authorities, the labour market authorities and the education offices in the counties. The Labour market Councils are meeting places for different actors with different interests in of adult education. The idea is that exchange of information between the different actors may contribute to a more efficient use of the resources in a way that is in accordance with the overall development in the counties concerning as well the business community as the individual adult.

The long-term programme (1994-97) of the former Government built among other things on the recommendations from the Employment Commission. The Government wanted the CVT to have a central place in relation to the ordinary education and a better system for CVT. In the new Long-term programme for 1998-2001 it is emphasised that it is an objective that all shall have equal possibilities to education and training, independent of place of residence, sex, social back ground ethnicity and so on. Since there is a new Government it is difficult to predict what will come out of this.

### 5.1.2 The Act of Adult Education

The Act of Adult Education from 1976 is the most important existing document concerning the legal foundation of CVT. The intention of the is thus: *"... contribute to providing adults with equal access to knowledge, insight and skills"*. The Act's definition of adult education includes a variety of categories of training and education. In this connection we confine each other to the following categories: 1) further education and training at the level of upper secondary and higher education and 2) vocational training for adults as part of the labour market policies and as part of in-company training. According to the Act of Adult Education the ordinary education system is responsible for organising courses within the official examination and certification system. This has changed a lot because both the labour market authorities and the workers educational organisations organise courses within that system. Another act of importance for the field of adult education and training is the Vocational Training Act from 1980. Section 20 of this act allows adults to register for the same certifying examinations as other apprentices. This presupposes that these adults have extensive work practice. They may then study for the theoretical part of the examination that is specially arranged for people in employment.

### 5.1.3 New Directions in the Public Policy of Adult Education

In September last year (1996) a Committee was appointed by the Government and commissioned to deliberate the question of continuing vocational training. The report of the Committee *"New Competence. The basis of a total policy for continuing education and training for adults"* (Ny kompetanse. Grunnlaget for en helhetlig etter- og videreutdannings-politikk) was made public the 1st of October this year. The task of the Committee was to elucidate the foundation of a national action plan for an adapted, purposeful and a comprehensive system for adult education and competence development. This means that the above mentioned report is not in itself the action plan. The action plan will however be made public through a Government white paper to the parliament (Stortinget) in the course of the spring 1998. The country has however recently had a change in Government, but the new Government has already given notice that it will issue a white paper – an action plan based on the above mentioned report.

The goal of the coming action plan is to lay the foundation for increased productivity, more flexibility in the work force, better equality of status and increased chances for the individual to acquire relevant qualifications. The action plan shall also encompass and include groups within the work force who for

different reasons are standing outside the labour market. The Committee shall also clarify the distributive effects of their proposals and the consequences for productivity, employment and the labour market.

According to the Committee knowledge and competence is supposed to be an important foundation for industrial development, increased employment, productivity, and further development of the welfare state and active democratic participation. The concrete proposals for change represent great challenges both for the supply- and demand side in the CVT market. The Committee emphasises that they see the reform as a development process.

The long-term goal of the reform is to develop a broad understanding of, good teaching arenas and efficient systems for lifelong, in which the whole of the adult population can take part. As the first step the Committee proposes a number of measures, which is supposed to help both to increase the individual's possibility of participating in adult education and raise the level of competence in the workplace. The long-term goal implies a system change. The Committee emphasises that the proposals may be implemented within a relatively short period of time without being inconsistent with the long-term planning and thinking in the field. The further work with the action plan is therefore supposed to support the work with the more basic changes that are necessary to achieve a system of lifelong learning.

### 5.1.4 Proposals for a Reform

The proposals given by the Committee will be presented below. Some of the proposals are commented upon but not all but they will anyway give the reader an idea of what it is about. In the original report every proposal is thoroughly evaluated and discussed. When the proposals are presented here, it is impossible include all the arguments for and against. I however hope to return to some of them in the discussion later.

1. *Assessment and recognition of non-formal learning*
   Proposal: *Systems should be established whereby non-formal learning can be documented for use in the educational system and working life.*
   This may be information about work tasks, forms of work and training both in-house and external courses, conferences, continuing education and training etc. Documentation of this kind is supposed to be of great importance when applying for jobs, and it will be easier and quicker to complete an education if a person can start from his actual level of competence. The employees' and employers' organisations and the educational sector must work together to develop such documentation systems. This proposal implies that a dead section in the Act of Adult Education (section 3) is revived.

Proposal: *The county authorities should use an advisory board in the process of assessing non-formal learning in upper secondary education.*

The board is given the responsibility of clarifying individual qualifications, both formal and non-formal. On this basis the person in question can complete upper secondary education. The boards can also evaluate whether an adult is qualified for admission to university or college. The county authorities should still have the responsibility of assessing individual competence in upper secondary education, including apprenticeship training.

Proposal: *An advisory body should be set up at national level to evaluate non-formal learning in higher education.*

This body could be given the responsibility of approving education from Norwegian and foreign institutions in relation to the Norwegian degree system.

2. *Opening up the educational system*

Proposal: *All adults who need basic education must be given the opportunity to obtain this*

The municipal authorities are responsible for providing primary and lower secondary education. This also applies to adults. A statutory obligation must be imposed on municipal authorities to ensure that all adults, who need it, are given the opportunity.

Proposal: *All adults must be given the opportunity to receive upper secondary education.*

All young people today have the right to three years upper secondary education. There is a large group of adults who have not received upper secondary education. A statutory obligation must be imposed on the county authorities to ensure that all adults are given the opportunity to obtain upper secondary education. The education provided must be based on both the formal and non-formal qualifications and be adapted to suit the individual's situation as regards when, where and how tuition is organised.

3. *Statutory study leave*

Proposal: *The right to study leave must be established by law in order to ensure equal treatment of employed and employers*

Law should establish these rights in order to ensure equal treatment of all employees and employers. The law must contain provisions regarding educational purposes. Limitations must also be put on the use of the rights in order to safeguard the employer's possibility of planning production and organising personnel. More detailed rules should be agreed upon between the employees' and employers' organisations. In the report the issue of study leave is extensively discussed.

4. *Funding*

Proposal: *The Government will cover the costs of primary and lower secondary education and upper secondary education of adults.*

Because it is necessary in order to achieve sufficient variety and flexibility in the opportunities provided. The individual adult will thus have the costs of his education covered, while the municipal and county authorities will have the costs of providing the education covered. Funding arrangements must be based on contribution and activity.

Proposal/evaluation: *It is presumed that the employees' and employers' organisations will give priority to schemes that enable all employees to take part in continuing education and training for adults. Funds must be set aside for continuing education and training through collective agreements.*

The basic agreement and collective agreements contain stipulations that continuing education and training which enterprises need are the enterprises' responsibility, e.g. the enterprise finances it. In order to ensure that as many people as possible are given the opportunity of continuing education and training, the employers' and employees' organisations should give increasing priority in wage settlements and collective agreements to competence-promoting measures and compensation schemes. The agreements system is flexible and can be adapted to the needs of the different areas covered by the agreements

Proposal: *The rules governing the State Educational Loan Fund should be reviewed so they can be better adapted to people doing continuing education and training courses*

The Committee believes that financial assistance from the State Educational Loan Fund can be used actively in continuing education and training in general. Since the rules apply primarily to young first-time student, loans and grants may be insufficient for older users.

Proposal: *The tax rules should be reviewed to ensure that no distinction is made between different types of education.*

Tax rules should not put unnecessary obstacles in the way for continuing education and training and that the rules should be as simple, reasonable and predictable as possible. To day the tax rules treat the updating of education and continuing education and training differently. This applies also to the basic education if the employer pays the costs.

5. *Development funding*

Proposal: *A special funding scheme should be introduced to stimulate the development of new user-adapted educational opportunities, teaching methods in adult education and motivation activities.*

Proposal: *A comprehensive development programme should be established for the uses of information technology in teaching and learning.*

Proposal: *An assistance scheme should be established to support systematic programmes for the development of human resources in enterprises.*
The financial assistance for the development of human resources should be a significant part of the activities of The Norwegian Industrial and Regional Fund (SND). To qualify for assistance, the measures must be in the nature of investments that are made as part of the enterprise's competence-building strategy. The enterprises must contribute the greater part themselves.

6. *Greater independence for universities and colleges*
Proposal: *The boards of the individual educational institutions will be given the authority to decide whether or not to initiate continuing education courses rating twenty credits or less.*

Proposal: *Universities and colleges must be given the chance to collect a user fee for continuing education and training.*

7. *Better information about education*
Proposal: *Information about education should be compiled and made easily accessible to everyone who applies for education. One body should be given the responsibility of making the necessary arrangements.*
There is no complete list today of continuing education and training opportunities and no one person or body is responsible for giving guidance or keeping informed about all the activity.

The Committee proposes that a new organisational unit be established B a Development Secretariat for continuing education and training outside the jurisdiction of the ministries. It shall have an executive committee that is free to choose its own form of organisation.
The proposals from the Committee are ambitious and very comprehensive. They will represent essential changes seen in relation to today's system of continuing education and training. The goal is to create a system and an infrastructure for lifelong learning. On the other side is it important to be aware of that the proposals shall lay the basis for a national action plan for adult education and human resource development in work and society. With the action plan on the table it might perhaps to a greater extent be possible to see the contours of the system that is sought developed. Right now it seems to difficult say something of new legislation in the field and the implementation of the labour market and the qualification policies.

### 5.1.5 Some concluding comments

The following comments on the Committee's proposals are based on the model developed by J.H. Soerensen, which he describes in this publication. The contents of this model are the respective policy functions, which promote educational measures.

Concerning function 1, I will mention the assistance scheme to enterprises. The proposed assistance scheme to support systematic programmes for the development of human resources in enterprises is directly linked up with function 1.

In the discussion of this proposal the Committee emphasises clearly that planning, carrying out and financing of resource development is the responsibility of the enterprises themselves. The state or the organisations in working life can support and stimulate these activities by knowledge or economic support. The conditions for being granted assistance, is that the programmes are seen as investments and as a part of a long-term (strategic) business plan. The enterprises must contribute the greater part themselves. This financing is called development funding. The assistance schemes should be directed at small companies in a great need of reorganisation. This kind of assistance is not new in Norway. The precursors of the Norwegian Industrial and Regional Development Fund have had a variety of human resource developing programmes and the labour market authorities has had their in-company training scheme.

An important distinction in the theory of human capital is between general and specific human capital. The first is knowledge and skills that can be used in a number of enterprises within one branch. The second is knowledge and skills that exclusively can be used in one and the same enterprise. Enterprises will tend to invest in specific competence because they are afraid that the profits from the investment in general competence will be lost to other enterprises in a branch. Employees are mainly interested in general human capital because it contributes to make their position in the labour market stronger. Employees with mainly specific human capital will normally have a weaker position in the labour market. This issue touches function 2 concerning the question of mobility in the market.

The proposal of a statutory study leave touches primarily function 4 because it is a proposal that will improve the whole populations opportunities to participate in continuing education and training. In the formulation of the proposal there is nothing said about the financing of the leave except the costs of primary, lower secondary and upper secondary education. The basic agreement and collective agreements contain stipulations that continuing education and training in accordance with the enterprises' need is the responsibility of the enterprise. This is the actual situation to day in Norway when it comes to financing of continuing education and training.

When it comes to practical solutions to combine continuing education and

training for unemployed and employed, it is difficult to say any thing definite, but a statutory study leave is an important condition for job-rotations schemes. Financing solutions based on agreements and bargaining between the social partners may also be of interest in this connection. The Committee has to relatively little extent discussed the proposals in relation the labour market politics. It is reasonable to assume that the labour market policies to a greater extent will be included in connection with the preparation of the action plan. It is indeed astonishing that the Committee scarcely has mentioned the Labour Market Councils at county level.

## 5.2 Elements of the Norwegian Labour Market Politics (S. Festoe)

### 5.2.1 The Active Approach

Full employment has for many years been the objective for Norwegian economic and labour market politics. As a consequence, Norway and the other Nordic countries, in particular Sweden has put a strong emphasis on active labour market measures to counteract unemployment. At the same time, unemployment benefit recipients are required to be active in their seek for jobs to be qualified for their unemployment benefit.

This combination of measures and benefit is what we call the active approach: e.g. to be offered active employment and qualifying measures rather than receiving passive benefits.

In the period from 1988 up to now the unemployment rate in Norway has changed dramatically. From an average unemployment rate of 2,4 % totally unemployed of the work force in 1988 the level reached its top in 1993 with 5,5 % and will be about 3,3 % as an average for 1997. At present, in November 1997, the unemployment level is 2,6 %, which is also predicted to be next year's average (Source: The Directorate of Labour, Report 4/1997).

Together with the rise and decline of unemployment there has been a strong effort on labour market measures. Already from 1988 to 1989 there was a significant increase, and the emphasis was mainly put on qualification schemes as well as on employment schemes for the long-term unemployed.

During the first years of the nineties Norway became aware that the objective of full employment had to be redefined, or the expression had to be given a new definition. Unemployment beyond a former acceptable level had to be seen as a possible permanent situation, and there was set up a broad employment commission with participants representing the government, all major political parties and the labour and trade organisations. The commission also used

experts from research organisations and universities. The commission presented its report in the summer of 1992 giving the following main recommendations:

- A wider horizon for the planning of economic/political measures
- A commitment to political co-operation in connection with wage negotiations
- Pro-active economic policies
- Pro-active employment policies
  - Reinforcements of efforts for job placement
  - High quality employment schemes
  - Adoption of an active approach in occupational rehabilitation
- Pro-active educational policies, thereunder the use of work as education
- Benefit and support policies aiming at avoiding exclusion from the labour force
- An active approach towards the business community to facilitate the creation of new activities

As an important effect of this strategy it has been possible to obtain a low growth rate in wages and cost levels and thereby allow more freedom to pursue a relative aggressive macro economic policy. At the same time it has been possible to fight unemployment by means of an escalation of measures through the Labour Market Administration. Furthermore, it has been possible to increase considerably the number of students in secondary and higher education.

Another result of the commission was to allow planning for a wider horizon for the economic and political guidelines for the labour market politics. This has secured a more stable trend in the level of activity.

### 5.2.2 Principles for Labour Market Measures

The primary task of the Labour Market Administration is to seek to connect job seekers and employers to quickly fill vacant positions. Due to the mismatch between employers' requirements and the qualifications of the work force, training programs and traineeships are provided within the ordinary labour market.

With a high level of labour market training and sponsored traineeships there may be a risk that training schemes replacing regular jobs and regular education. Activities implemented by employers may be reduced and job seekers may prefer training schemes rather than seeking ordinary work. To avoid such negative side effects, counselling methods have been introduced, and the schemes have been designed to secure that regular work being the first choice for the unemployed.

The objective for a labour market scheme is always to find regular employment. Therefore the schemes have been reserved for selected target groups, the programs have had a limited duration, and the compensation paid to the participants has been limited. It has also been important to stress that participants should not be tied to the programs but be focused on finding regular work also during the period when taking part in the schemes.

The most important target groups have been

- Young people,
- Long-term unemployed,
- Occupational handicapped,
- Elderly,
- Non-native speakers.

### 5.2.3 Temporary Substitutes

In January 1992 the Temporary Substitute Program was introduced as a provisional program and restricted to private sector in three counties. Already from July the same year the program was made available for both public and private sector and the whole country.

Since 1990 the Labour Market Administration (LMA) had tried models which had elements of replacement. The county LMA in Rogaland (Stavanger area in south-western Norway) introduced a training program close to the temporary substitute program. The ordinary Labour Market Training Program gave unemployed people training, and after the training period they filled vacant positions in companies which were given support from the In-Company Training Program. (Norwegian abbreviation BIO) This was a combination of individually related support; e.g. training the unemployed, and support to companies; e.g. paying a part of the company's training costs for their employees. The experiences from this program were positive, but it has to be taken into consideration that the program was more or less tailor-made for the involved companies. These were mainly within mechanical industry with increasing demands for proving their skills to customers in offshore petroleum-based business. During the In-Company Training Program the employers may be granted up to 50 % of the wage costs for the personnel in training, in addition to training costs according to fixed maximum rates. This means that the companies were aware and accepted that they would have to pay a relatively large part of the total costs.

Another program was a substitute program as a part of an employment scheme for public sector. It was introduced in July 1991 but it had few partici-

pants and as a consequence also could give few experiences when the temporary substitute program was introduced.

When the program was prepared the Swedish substitute program was also known. It was roughly based upon the same reasons as the Norwegian program, but the ways of financing were slightly different.

### 5.2.4 Combination of Qualification and Employment

The introduction of the substitute program has to be seen as a result of a need of finding combinations of employment and qualification within the same program.

From 1989, when the labour marked measures were escalated the first priority was to establish a high level. Thereafter it also became more and more important to assure the approach towards qualification building for the target groups. The introduction of the temporary substitute program has to be seen in the context of the debate whether existing measures were mostly directed towards reducing labour market friction's and economic cycles, and to a lesser extent regarding how to solve structural economical problems. One solution therefore was to adjust the labour market measures more towards both employers and the unemployed at the same time and within the same program.

The temporary substitute program has a wide approach. In addition to employment it is also meant to give motivation, qualification and job placement at the same time. As a labour market measure this was something new, in the way that it was meant to combine qualification and employment measures within the same program.

This broad perspective is also reflected during the preparations before the program became reality. A memo from May 1992 (The Directorate of Labour) gives four statements acting as kind of basic thoughts for the program:

- Competence as a resource for companies and public services
- Development of competence in the whole labour market
- Life-long learning
- Business- and labour oriented learning culture

This perspective is a part of the trend where training, education and research is regarded as a „crowbar" for development and competition, the key factor towards growth, prosperity and wealth.

### 5.2.5 More about the Rules and Regulations

The program involves directly the following four parties:

- The Labour Market Administration as administratively responsible and forcing the program
- Companies and public administration as users
- Employees granted leave for further education
- Unemployed persons who are temporarily employed as substitutes

The program may be used both in private and in public sector. When the program is going to be used the procedures may seem complicated, but normally there has been some contact before the official process is started. An employee in a company may apply for leave for further education. The company then contacts the local LMA office and asks for a temporary substitute. The substitute may stay in the company for a maximum of ten months. If necessary, he or she may then be repiaced by another substitute. As stated in the regulations the substitute is to be paid according to ordinary wage agreements for the work being done. The substitute needs not do exactly the same work as the employee on leave. There may be a rotation in the company, thus giving the opportunity for other employees trying other positions. After the period there are no bindings between the company and the substitute.

The economic compensation from the LMA is a fixed sum per month to the employer. For 1997 the sum is NOK 13.000 a month, which roughly equals DM 3.100. The compensation shall partly cover wage costs and social costs, and the difference up to normal wages is to be covered by the employer. Normally this implicates an employer's share of at least NOK 4000 to 5000 a month.

The person on leave has no formal rights as regards payment. However, observed figures during the program have shown an average wage reduction of about 15 % during the time of leave.

### 5.2.6 Evaluation of the Program

NORUT Samfunnsforskning AS, Tromsø, Norway (NORUT Social Research Ltd.) has evaluated the program. The evaluation has resulted in three reports; each of them from one point of view.

- The employers' evaluation, "Arbeidsgivernes bruk og vurderinger av vikarplassordningen".
- Substitute for hire, "Vikar til leie".
- Paid further education, "Betalt videreutdanning".

The project leader of the evaluation has been Mr. Paul Pedersen, the reports being published by NORUT in 1994 and 1995.

From the employers' point of view the report states that about two third of the substitutes were employed in public sector, mostly in municipalities. Generally they have found the program very useful and positive. 55 % of the employers have answered that the further education initiated by the program would not have taken place without the economic support through the substitute program.

Among the negative comments from the employers is that the program may stimulate for further education for employees who already are well educated, and does not stimulate for educating no-skilled workers. This comment is also reflected in the two other reports as well as from analysis done by the Directorate of Labour. This shows how education stimulates for further education.

From the substitutes' point of view it is interesting to notice whether the period as a temporary substitute results in ordinary employment. The survey which forms the basis for the report was done in March 1993, when the unemployment rate was at its highest. Two months after the survey, in May 1993, about one fifth of the participants had an ordinary job, and one fourth of them planned for ordinary education. It also has to be considered that a considerable part of the substitutes still were in the program.

When counting only those who had terminated their period as substitutes, 54 % of them were in an ordinary job in May 1993. 80 % of these 54 % were employed by the same employer as they had been as substitutes.

Also the results as seen from the view of the persons on leave show that a majority of the persons on leave were women. As an average 60 % were women, and varying from 77 % women in municipalities to 36 % in private sector. The high woman fraction in municipalities refers to the fact that the program was widely used by employees in education, health and care.

### 5.2.7 The Situation Today

From a maximum of about 4.000 participants on the program in 1994 there are now about 2.000 temporary substitutes. The level of labour market measured is roughly reduced to half the level of 1993. This also reflects what measures are being used, as well as who are in the target groups. In general, the unemployed need more qualification schemes, and due to the high demand for labour long-term programs like temporary substitutes are not so much demanded.

Norway has during the last years put a strong emphasis on education reforms. Young people from 16 to 19 have achieved a right to three years of secondary education, leading either towards competence for further high school

or university studies or towards the competence as skilled worker. Recently a government commission proposed the right to further education for adults, employed or unemployed.

To cope with the mismatch between the needs of the employers and the qualifications of the job seekers the Labour Market Administration will still play an important role in qualifying the unemployed when direct job placement is not successful.

# 6. Dutch Contributions

## 6.1 Conclusions – Considerations and Points for the Further Discussion (B. Hövels/G. Kraayvanger)

### 6.1.1 Introduction

The project in essence is focused on opportunities and solutions for enhancing the effectiveness of training for employed and unemployed, assuming that mixed financing models with participation by social partners in principle could offer promising perspectives. In the centre of the project were the national workshops, where national social partners and government together with actors from the selected financing-models from each of the participating countries have discussed transnational transfer-possibilities and drawn conclusions for their own situation.

Well then, the most important outcomes of the project from the perspective of the Dutch participants can briefly be summarised in the following points:

- The contribution of the project to the awareness among the policy-actors involved about the relevance, as well as advantages and disadvantages of different kinds of solutions as these were shown in the transnational discussions. In other words: the general learning-effect for Dutch policy-makers.
- The contribution of the project to the launching of concrete initiatives by OOM, as well as by OVP the actors of the financing models in the Netherlands. In the field of job-rotation models, and concrete forms of co-operation and exchanges with involved partners from other countries, especially Denmark. In other words: the concrete emanation-effect for Dutch policy-makers and practitioners.
- The contribution of the project to the accumulation of knowledge in this field among researchers, especially regarding the role of actors and mecha-

nisms in different national contexts, as well as to the strengthening of the transnational researchers-network in this field. In other words: the general learning-effect for researchers.

In this chapter some further conclusions will be drawn from the Dutch point of view, combined with reflections and issues for further discussion, focusing on integrative labour market-training policy. These issues are regarded in the context of some recent policy-developments in the Netherlands, which emphasise again the growing significance of mixed models for financing the training of employed and unemployed.

### 6.1.2 Recent Developments in the Netherlands

Recent developments in the Netherlands can be summarised as follows:

1. At this very moment the Dutch Parliament is discussing a proposal of the Minister of Social Affairs and Employment for a Law to introduce opportunities *for temporary (educational and/or child-care) leave for employees*. This Law should enable employees for long-term-interruptions in their occupational career, while they receive 600 Fl. per month if an unemployed person takes over his job for the leaving period.
2. Before the end of this year an interdepartmental steering-group, chaired by the Dutch prime-minister – will come with *structural proposals on 'A life long learning'* for the next 4 or 5 years, which will be discussed by government and Parliament. Key-issues in its recommendations will probably be, among others: an obligation for all people under the age of 21 years to qualify themselves (that does not mean an obligation to follow courses at school), the introduction of a contract between educational institutions and their students for keeping up and repairing their qualifications/competencies after leaving school, and the launching and stimulating of systems to certificate prior learning (Erkenning elders Verworven Kwalificaties – EVK).
3. Following the trend of the last fifteen years, these days *central social partners* (in the Foundation of Labour) have agreed on moderating general raises of the wages in the forthcoming negotiations on new Collective Labour Agreements foolowing the rise of the inflation rate. Central social partners recommend to social partners pro sector to compensate for high profit rates of individual companies by agreements on 'flexible renumeration components', among others dependent of profit rates of the firms as well as of qualifications, functional flexibility, and work experience of employees. Above all companies have to make a training-plan for their employees; the employer is responsible for the organisation and financing of the training.

Lastly, central social partners propose that training-agreements in Collective Labour Agreements should also be open for unemployed people. It should be noticed that the agreement between central social partners contains only recommendations for social partners pro sector or – in case of Collective Labour Agreements pro company – pro company. It is not sure whether social partners pro sector will follow these recommendations, while negotiating about the contents of new Collective Labour Agreements. Also the implementation into practice is not sure.

4. During these days too, the Dutch Central Office for Statistics (CBS) gave the official *unemployment-figure* for the Netherlands, which was declined from 6.6 percent in November 1976 to 5.3 percent in November 1997. On the one hand this unemployment rate points to approximating a spanned labour market, which already was indicated the last year by the growing number of complains of employers about scarcity in some parts of the labour market. This will of course strengthen the position of unions in the forthcoming negotiations on new Collective Labour Agreements, and it is in now way sure whether they will follow the recommendations made by central social partners. On the other hand it is general known that the official unemployment figure does not cover the reality of inactivity among the Dutch labour force. Approximately 1.5 million people belong to this inactive part of the labour force. Last September a report of the social-economic experts of the Dutch Social-Economical Council (SER) was published. They pointed again to the number of 1.5 million 'inactive' people and warned for the risks of this big number of inactives for Dutch society, from a social point of view as well as from a economic point of view. The experts of this very authoritative body in the Netherlands sharply plead for more and urgent attention, especially by training, for this inactive part of the labour force; otherwise the stability of Dutch economy would be in danger by lacking a sufficient (qualified) working force.

Concluding it can be stated that the present 'purper' (a coalition of social-democrats and liberals) government is trying to offer (more) opportunities to flexibilise individual occupational careers, facilitating thereby leave for educational and care-reasons, combined with possibilities for temporarily substitution by unemployed. Also (other) structural proposals of government are foreseen in the sphere of life long learning. Central social partners are continuing the tendency of the last 15 years, starting with the famous 'Central Agreement of Wassenaar' in 1982, to moderate the wages in exchange for more training and more employment (the 'big deal' in the Dutch 'polder-model'). Remarkable in the new central agreement is that central organisations of employees apparently take care for their rank and file by defining employment(-security) more and more in terms of qualificational-guarantees. However, confronted with a still

further decreasing unemployment rate it is not sure how far and how long the 'big-deal' will be continued by its transmission into the reality of Collective Labour Agreements and of individual firms. The 'success' of the Dutch consensus-model could in principle be threatened if the commitment for moderating wages will be terminated by unions and/or employees. Above all the problem exist of 1.5 million 'inactive' people in the labour force. At the one hand, this is regarded as a risk for the Dutch economy, because of increasing scarcity on (certain parts of) the labour market and a lack of qualified people. At the other hand, the social implications appear to become more and more clear. Apart from (hidden) poverty specially in so called disadvantaged parts of the big cities – but not only there –, parts of these people have turned away of the regular, formal labour markets and have created their own informal economy with a rhythm on its own and its own culture and values. Social implications seem to regard not only social exclusion, but social self-exclusion as well.

In our point of view the most important challenge for the next few years will be to care for continuation of the Dutch 'polder-model', characterised by consensus between social partners (including the state) and by the 'big deal' of exchanging moderated wages by training and employment, whereas at the same time – partly even as a precondition for this continuation – the interests of those who are 'active' in employment and those who are not, should be merged by integrative training – and labour market policies. Against this background also less traditional – because mixed – arrangements of organising and financing the training of employed and unemployed should be positioned. For financial arrangements for training should fit with the character of structural problems in a society.

The significance of this transnational project on financing models is in essence determinated by this idea. Therefore it is also important to point at promising issues as outcomes of this project. In the next chapter some further conclusions and issues in connection with the project will be raised.

### 6.1.3 General Aims

Under this heading we handle the issue how financial arrangements can contribute to an integrative qualification policy, especially an integrative labour market- and training policy for employed and unemployed.

Well then, this project has shown two different kinds of models, which for the rest don't exclude each other.

In the Netherlands *training- and development funds (O&O-fondsen) at sectoral level* are a rather common and institutionalised phenomenon. As funds for equalisation of training costs pro sector these are launched by social partners

in the beginning of the eighties and paid for by a certain – by Collective Labour Agreement determined – amount of the wages in the sector. Examples of these funds in the Netherlands are involved in this project.

Clearly, the funds are mixed financed and controlled by employees and employers. Above all their budgets are often be completed by national money of the government and by European money, most of the time from specific programs (e.g. BBSW-branch specific training for unemployed resp. ESF). Apart from these supplementary budgets with its specific earmarks, the fund can take the lead in innovative forms of training, which are not covered by the training policy of single firms. By nature, training policies of funds are in most cases directed at training of employees in the sector involved. A crucial factor therefore is that the fund is both financed and controlled by social partners as representatives of employees and employers in the sector. Sometimes funds are directing innovative activities also at other categories, e.g. recruiting and training apprentices, to ensure a sufficient inflow of qualified labour force in the sector.

However, such an innovative training policies by funds in terms of training for unemployed or mixed for employees and unemployed occur rather seldom. When such policies are launches they mostly are co-financed by others, e.g. BBSW or ESF. In our point of view these forms of co-financing could of course be further stimulated. However, the most important issue seems to use also the *regular means* of the funds for launching and financing innovative activities which are directed at integrative labour market and training policies, both for employed and unemployed. In terms of the four functions of CVT as these are distinguished by John Houman Soerensen and in the context of the present Dutch situation as sketched before, we think that social partners at sectoral level have own interests in fulfilling at least three functions: promoting productivity, mobility and reintegration of unemployed. Social partners should be more widely aware that their own interests are not limited to future qualification of their present rant and file. Fortunately, in some more 'delighted' sectors, initiatives are arising, where e.g. funds are exploring the opportunities of effective job-rotation schemes. However we're not quite sure whether these kinds of initiatives are really the result of growing awareness among social partners that productivity, mobility and (re-)integration are falling together as the present and future core of their own business.

The second kind of model involved in the project were (various kinds of) *job-rotation schemes*, put in the project by Denmark. Although our Danish partners have point to the variety of job-rotation-schemes as well as to important preconditions for successful implementation, job-rotation appears to be in principle a very promising model for the Dutch situation too.

Against the background of the present Dutch situation and problems it appears remarkable that job-rotation has hardly been a policy-issue in the last years. Of course the introduction and an effective functioning of job-rotation-

schemes in practice is a very complicated matter. As we learned from our Danish collegues various elements have to be dealt with and various elements could bother the introduction. Although job-rotation is just one of the possible solutions and not the only one, it is worthwhile to make cost-benefit-analyses in this field, in the Netherlands also. It is for sure that at least three elements are crucial for a successful introduction and effective functioning:

- (perceived) added value for actors involved;
- commitment of actors involved;
- flexibility in shaping and implementation.

Especially for the Dutch situation fitting of a regional and sectoral approach seems an important challenge too. At this very moment job-rotation seems to become more popular again in the Netherlands, also among policy makers. It would make sense to use and learn of the concrete experiences that are made with a concrete job-rotation-experiment in the Netherlands during 1988-1992 (PIB-project). Globally this experiment was evaluated as rather successful. A crucial question appears to be how and why precisely this experiment (in the Northern part of the country) has been stopped, and is not continued. Only by rumours an important reason in this respect seems to be that subsidies by the government are stopped, just because of the success of the experiment and the suggestion that 'market-parties' could arrange it further on their own. Our proposal would be to find out this point more systematically and, more in general, to see what could be learned from this Dutch experiment.

Lastly there are also models for an integrative labour market and training policy for employed and unemployed, that were not involved in the project. Regarding the Dutch situation we mention recent developments in the field of 'pools of flexible workers', who can be hired by firms in a certain region and/or sector. These 'pools' are functioning as employers themselves. The employees of the pool have in principle a normal labour-agreement with the pool. The pool is financed by the hiring firms in the region, more or less completed wit social security-money and/or employment of the government. Examples in the Netherlands are 'Werk en Vakmanschap' and also pools organised by various 'temporary work offices'. These pools could be regarded as promising work environments also for unemployed people. A very important condition is the existence and realisation of sufficient opportunities for training.

Our conclusion is that more systematic attention should be paid to the effectiveness of the various models as mentioned, including the mutual relationships between these models in the Netherlands. In our point of view this could offer new perspectives for real effective integrative policies.

### 6.1.4 Political Transformation of Financial Arrangements

Under this heading we want to discuss the issue how not only social partners but also public instances can be motivated to the realisation of models which are able to realise an integrated qualification policy.

One of the key-problems in the realisation of these models is that their effectiveness could hardly be measured in a very quantitative and precise way, leading to a clear overview of cost-profit-rates for each of the actors involved. In other words: it is hard to determine who of the actors involved has how many returns/profits. So it is also hard to predict who has to invest how much in the implementation of these models. It is important to distinguish between the interests of the single actors and common interests, if a balance has to found between the different functions described by J.H. Soerensen. The point of departure for launching and implementation of these models is that there should be mixed financing, because all actors in one or another way could have profits. A perception of 'added value' for all actors involved is very important. As has been said, the cost-profit-balance cannot precisely be measured. Therefore a situation should be created, that is characterised by elements such as e.g.:

- a common culture of willingness and mutual confidence between actors involved;
- possibilities for each of the actors to make their 'cost-profit-calculations' each for their own;
- an agreement that actors will retire only when functions for them are totally lost.

However, uncertainties among and perceived risks by actors involved could be big. Therefore it is important that public instances take the responsibility for these risks, at least in the starting-phase and not retire without ensuring themselves that then the initiatives not will collapse. In our point of view public instances should even take a leading role in launching ideas about such initiatives and bringing together actors involved for its elaboration and implementation. This could regard national as well as regional public authorities.

Especially in the Dutch policy-context the regional level is extremely relevant in this respect. Local and regional municipalities as well as employment-services could take a leading role.

Municipalities because they have – by law (WEB) – a leading role in financing of training for adults in general. As a consequence of this they determine the contents of training programs for adults (basiseducatie, vavo) as these are offered by regional training centres (ROC's). Above all they have a important position in the forthcoming Centres for Work and Income (CWI's); where social security- and employment-services will be offered in a combined – and, as is expected, more effective – way by chosen co-operation between municipali-

ties, social security instances and employment services. It will be clear that municipalities themselves have big (also financial) interests in these new kinds of initiatives, aiming at more integrative policies.

### 6.1.5 Technical-Organisational Issues

One of the relevant technical-organisational issues pertains the question how to arrange financing of informal learning in SME's by sectoral Training and Development funds.

There is clear evidence that learning on the job, learning by doing, and all kinds of informal learning become more and more important, especially in small and medium-sized enterprises. Above all these informal learning processes are extremely effective, especially for lower-educated unemployed people; both because of the motivating and stimulating force as because of the lack of 'transfer-problems'. In our point of view it is important that funds are offering opportunities to stimulate these processes of informal learning, e.g. by subsidising 'powerful learning environments' within firms and by subsidising coaching-roles.

More in general it seems to us very important to stimulate effective networks for the development, the supply and demand of competencies, both at regional and at sectoral level. These networks can bring together various actors involved to form self-regulating system of suppliers and demanders of competencies. Such network can offer opportunities to leave the more traditional manpower-planning approaches behind and to aim at more innovative, offensive mechanisms which are feed by concepts from a flexibility-approach. Traditional actors in this field should get new roles and new actors could arise.

In this respect also new actors from the 'alternative world' of the informal economy could perhaps be involved in an effective way. As such existing institutional barriers not only between various training segments (initial education, training for employed, training for unemployed) could be 'broken down', but also barriers between formal and informal economies.

Above all the concept of effective competence-networks could meet the criteria of sustainability of new integrative labour market and qualificational policies for employed and unemployed.

## 6.2 Experiences of a Representative of the Dutch OVP-Fund with three Workshops, where Questions of Financing the Continuing Vocational Training were discussed (Th. Seip)

For OVP this was the first time she was participating in an international project. Only that fact brought about various learning experiences, for instance:

- Drawing up and carrying out a presentation in English (subsequently OVP has the gain of it a number of times).
- Gaining experience and becoming used to working with foreign partners. By doing this OVP has got an idea about this sort of meetings and that it is quite a job. That were useful experiences, because in the meantime OVP herself is an applicant and an executor of ADAPT projects.
- Making new contacts with domestic and foreign organisations. This gives new knowledge about 'the social map'. Between the Dutch organisations OOM and OVP a more intensive contact has been created, inclusive transfer of knowledge between both organisations about different subjects.
- OVP has get more understanding about different financial arrangements being in circulation to pay education and training.
- Presently OVP is working out a plan on job-rotation for the process industry. The Ministry of Social Affairs and Employment is interested in such a model, as appeared in a debate organised by a commission of the ministry on employability. OVP was present at this debate in October 1997.
- OVP has acquired all kinds of ideas to move medium and small businesses into training and to develop instruments to make these enterprises ready for training and to help them to develop a point of view on training. This has in the meantime resulted in feed ADAPT implication for the years 1998 and 1999.
- As a result of the seminars on 'financing models' OVP has subsequently researched the possibilities to combine CVT and FTU. Besides a variety of organisational hindrances, problems that can be tackled relatively simple with some good will, OVP came across important financial obstacles. The governmental arrangements to stimulate CVT and FTU are conflicting with each other. They can not be used in combination with each other, without changing these arrangements. That is remarkable because of the political concern to implement job-rotation schemes in the Netherlands too. So adaptation of the Dutch regulations is more then desirable.
- A big problem for OVP remains the question how to create a commitment with enterprises and branches of trade, so that they are willing to pay a substantial contribution to a national training fund. In the seminars no essential solution for this problem has been proposed.
- Since the processing industry has not an obliged levy on the wages, OVP has to get by on contributions of enterprises who are convinced of the benefits of such a fund. And here the prisoner dilemma is playing a role: 'my enter-

prise will not pay, as long as other enterprises do not do that'. This situation leads to free riders behaviour and you can see this frequently in the processing industry. OVP now tries to create a mixed financing model. In this model enterprises on the one hand have to pay for delivered services by OVP (services that are good for only one enterprise) and on the other hand their will be a collective contribution for research and development activities that are not profitable for only one enterprise, but for the sector as a whole.

- So a public/private financing model comes into being, a model that fits in the spirit of the times. Such a financing model is new for training funds.
- Another subject that has been tackled by OVP, partly as a result of the seminars, is trying to involve medium and small businesses in training schemes in the sector. A plan of action is formulated for the years 1998 and 1999 (partly financed by means of ADAPT II) to make small and medium enterprises ready for training or at least to let them develop a vision on training. To achieve these aims the following instruments are developed:
  - A handout on training in the processing industry. The aim of this overview is to make the infrastructure on training more transparent for the enterprises.
  - A scan by which small and medium sized enterprises can check up their needs on training. This instrument enables enterprises to determine their need on training in a very quick and simple way.
- A 'qualification structure' about work experiences (see the NCVQ system in Great Britain). With this instrument knowledge and skills of individual workers can be registrated in a 'branch passport'. The central idea behind this instrument is that workers can acquire qualifications not only by regular study but also by gaining work experiences. Recording these experiences will stimulate mobility on the labour market, because not only knowledge acquired by regular study but also practical experience is valued. This fits with the ideas about learning on the job discussed in the seminars, especially the seminar in the Netherlands.

## 6.3 Experiences of a Representative of the Dutch OOM-Fund with three Workshops, where Questions of Financing the Continuing Vocational Training were discussed (P. den Hollander)

On the invitation of the ITS representatives of the Foundation education, training and development metal industry (OOM-Fund) have participated in the project 'financing models for CVT and FTU'. These colleagues have prepared the presentation of OOM and have participated in the three seminars in Norway, The Netherlands and Germany. On each seminar OOM is introduced in a short presentation. Aim of the seminars was active participation of the participants in the discussions that resulted from the presentations. The action research model, that has been used in this project, offers people the opportunity to exchange information in an informal way. The subjects are discussed on a macro, a meso and a micro level.

As a preparation for the first seminar the colleagues of OOM have read the central document with the documentation of the educational structure of the four countries. The extent of this information did not make it possible to master the information in a short time. The explanation of the four different educational structures in the first seminar was therefore of fundamental importance. Studying the various forms of the Dutch educational structure and the models of financing in the document was also very useful for the Dutch participants!

The first meeting in Norway was concentrated on giving information about the participating organisations. Each member was presenting him of herself, the structure of their organisation and the accompanying financial resources. To make clear the context of an organisation it was placed in the general educational and training structure of a country. This background information was of great importance. There were similarities between the different countries, but there also were essential differences. The discussions were of great importance to clarify these similarities and differences. Looking back the character of this first meeting is to qualify as an exploration.

For the participants of OOM this was a first exploration on an international level. Never before they had participated to international conferences where an active contribution was asked. Both participants have prepared themselves thoroughly by following additional training in the English language especially concentrated on educational and labour market oriented subjects. As a result of the seminar in Norway various sheets and papers have been developed. Furthermore this first seminar motivated to revise the English version of the brochure of OOM thoroughly.

By presenting OOM to foreign partners the lucrative financial position of OOM (and other training and developments funds in the Netherlands) became clear again to the OOM-participants. The financial basis of the foundation is gu-

aranteed in the collective labour agreement of metal industry. This creates possibilities to concentrate the activities of the fund on the 'right affairs'. That means that financial profits are no restriction for the foundation, so activities can be based on 'idealistic' criteria. CVT is not a matter of course for all enterprises. A lot of 'mission work' has to be done, in particular to small enterprises.

All presentations in Norway were interesting, but the projects on job-rotation aroused the maximum interest. OOM was in the days of this LEONARDO project concerned with a job-rotation experiment. In the Netherlands this phenomenon is still in its infancy, but in Denmark there is a lot of experience with job-rotation. After Denmark presentation various informal contacts have taken place between the participants of Denmark and the people of OOM to get more information about the model.

At the second meeting in the Netherlands an other contribution was expected from OOM. The participants of OOM have contributed to the preparation and the completion of the program. Moreover some of the Dutch participants in the Dutch meeting were invited on the recommendation of OOM. The presence of the (Dutch) social partners and other invited people leaded by comparison with Norway to discussions of a different kind. The emphasis of the discussions was laid on national specific cases and discussion about the prepared questions. The foreign partners had prepared their presentation as an answer to the prepared questions. After the presentations their were sufficient possibilities for the social partners to ask their questions. In the further discussions it was clear for OOM that also in an action research model the different parties have and hold their own approach to the specific problems. The contrasts between employers and labour unions remained. Labour union representatives were very interested in a job-rotation model, the representatives of the employers were not enthusiastic about it. Furthermore the representatives of the employers were against formalising the processes of informal learning. The political viewpoints remained as they were after intensive discussion.

After these discussions it became clear once again for OOM that to achieve their aims in a bipartite governed organisation more has to be done then only presenting a good project. A distinction has to be made here between product and process activities. The product has to be a good project, with all the elements of the project. Beside that a process is to be distinguish, a path that the project has to cover before approval can be given to the project. During this process it is of great importance that both, organisations of employers and employees, agree on the content of the project.

In discussing the financial position of Training fund in the processing industry (OVP) in the Netherlands, a fund that is not grounded on agreements in the collective labour agreement, the position of such a fund proved to be not easy. Various elements are of importance here, among which the positions of employers and employees organisations, the homogeneity or heterogeneity of a

branch and 'the spirit of the times'. When we look at the genesis of OOM we can conclude that various circumstances can lead to arrangements with regard to a training fund in the collective labour agreement. Circumstances can be: a lack of experts, an insufficient training structure in the branch, the need of a branch for support in creating a training policy, and so on. But the presence of a lot of such circumstances does not guarantee the bringing into being of a fund. Responsible members of the board have to subscribe the usefulness and the necessity of a fund.

The character of the third seminar again was different. Now the focus was on the German educational and training system in relation to the three other countries. The presence of the interested parties from German implied that the discussion above all was concerned with the German situation. Although very interesting and instructive for the OOM participant, it was difficult to participate active in the discussion because of the German language and the complexity of the matter. The problems in the German situates were discussed in detail, but they were too complex for the other participants. So the only thing they can do was try to follow the discussion. The complex, often financial, problems of the Germans, although interesting, does not apply for the Dutch situation, as far as the Dutch participant of OOM has seen this. Gathering knowledge of the German situation was very interesting for the participant of OOM, but learning ended there.

The guided tour through the Centre for Vocational Training and Promotion of Economic Performance explained a lot of the German educational and training system. It was very instructive to go to see the various learning places.

Some participants in this LEONARDO project has learned to know each other very well and on this basis a lot of informal knowledge has been exchanged. At present the Danish contact is for OOM of great importance. By now there has been a supplementary discussion with a participant of the Danish organisation in the Netherlands about co-operation in an ADAPT-2 project. Hopefully this project can take a start mid-1998. Probably representatives of OOM will then visit Denmark to get acquainted with the job-rotation practice in that country.

# 1. Germany

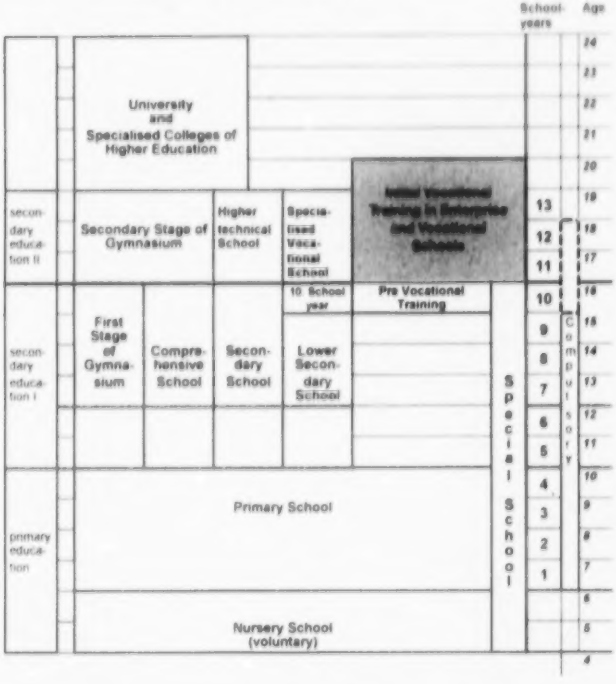
## 1.1 Description of the National Financing System of CVT and FTU in Germany (U. Grünewald, D. Moraal)

### 1.1.1 The Vocational Training System

*The Position of Continuing Education and Training in the Education and Training System*

Normally, continuing education and training is a follow-up of previous education and/or initial training and professional experience. We will therefore begin with a brief review of the general education and initial vocational training system in the Federal Republic of Germany. Only a combined analysis of initial and continuing training can reveal the structure of financial arrangements for training in a country.

**Scheme 1: Overview of the German Educational System**



*Qualification Structure of Employees*

Initial training in a society influences the structure and importance of continuing training. Continuing training measures depend upon the qualification structure of the labour force. Scheme 2 reveals a significant shift in recent decades in Germany towards initial training organised in the dual system. In particular, the proportion of those starting employment as unskilled or semi skilled workers has fallen considerably.

**Scheme 2: Qualification structure of the labour force (based on BIBB/IAB surveys carried out in 1979 and 1993)**

| | Total population 1979 (only West) | Total population 1993 (West+East) |
|---|---|---|
| Initial training not completed | 28% | 16% |
| Initial training in a firm only | 43% | 55% |
| Initial training in a firm and at school | 13% | 17% |
| Initial training at school only | 16% | 12% |
| Total | 100% | 100% |

Two of the many implications of these changes are also relevant for the development of the structure and content of continuing training:

- During the last thirty years the quantitative structure of the initial training market influenced continuing vocational training. The growth of demand for initial training in the 1970s resulted in more people being trained in many different occupations. However, the labour market was not able to absorb all these workers in the occupations for which they were trained. Consequently, many people are working in occupations for which they were not trained (unbalanced training market). The demand for continuing training and retraining has risen, especially the retraining of unskilled or semi-skilled workers who have not completed any initial training. However, because of the rise of the unemployment at the end of the 1980's, a shift towards further training of the unemployed was necessary. In addition, the supply of training-places by enterprises declined considerably in the 1990's. Economic restructuring due to rationalisation and the transformation of the economy of the former GDR after German unification resulted in an extremely unbalanced training market. Currently most initial training in the New Länder takes place outside of the company. Less than 40 % of training places are financed by enterprises.

The average number of years of education before employment has risen by two to three years in the last two decades. One reason for this is that the proportion of young people taking Abitur (A-levels) before beginning initial training in a

firm has more than doubled in the last ten years. This has resulted in a qualitative restructuring of the initial training market.

### *General Education*

All children begin their education by attending primary schools for four years (six in Berlin). The system then divides into three or four streams of "general education":

- lower-grade secondary school (five years)
- intermediate-grade secondary school (six years)
- grammar school (nine years)
- comprehensive school (five to nine years)

Those who successfully complete their education at a grammar school or at the upper level of a comprehensive school are entitled to study at a university. A differentiated system of special courses also enables those successfully completing their education at lower-grade and intermediategrade secondary schools and at the lower secondary level of comprehensive schools to attend technical colleges and universities.

### *Initial Vocational Training and Continuing Education*

Initial Vocational Training (Dual System in Germany)
After completing their general education, most young people make the transition to the initial training system. For most school-leavers (about 65%) this initial training is currently provided by the dual system.

The term "dual system" is used to describe a form of initial training in which the practical part of training takes place in a firm under the guidance of a trainer. State vocational schools are usually attended for one or two days a week for theoretical training. The on-the-job part of the training is complemented, particularly in the craft trades, by one or more weeks of training at joint training centres. At these centres, topics which individual firms cannot deal with optimally are covered in greater depth.

Initial training is governed by a training agreement between the trainee and the firm providing the training. It can be provided in only one of the 370 occupations recognised by the state. For each of these occupations there are training regulations which specify minimum qualitative criteria. These regulations define what a trained skilled worker in a given occupation should know and be able to do. A certificate in a recognised occupation thus performs an important guiding function for the employment system. Training regulations are drawn up jointly by the two sides of industry and, after examination, are enacted by the Federal Government.

Continuing Education

The continuing education and training sector comprises not only continuing vocational training (i.e. in-plant continuing vocational training and further training for the unemployed) but also adult education (i.e. political education for adults and continuing general education).

Continuing training and continuing political and general education are financed from different sources, and are thus generally provided by different organisations and institutions and have no institutional or substantive links. In continuing education a distinction is made according to the objectives pursued:

- post-initial training seeks to maintain and add to occupational know-how and skills, to adjust them to technical developments (updating training) or to enable participants to advance (upgrading training);
- retraining is intended to permit the transition from an occupation which can no longer be pursued for personal reasons or reasons connected with structural change to another recognised occupation, or to enable the unskilled to qualify for an occupation;
- on-the-job training introduces participants to new tasks and can be provided informally or on the basis of a teaching plan. On-the-job training includes new forms of training, such as groupwork, quality-circles, and Job-Rotation.

### 1.1.2 Structure of the Continuing Vocational Training System

The structure of continuing education in Germany is very differentiated. The competencies and financial arrangements in continuing education in Germany are striktly divided, and the respective subsystems of continuing education constitute segmented training markets. The state plays mainly a supporting role in the field of continuing education. This is especially the case in the field of continuing vocational education. The legal regulation of continuing vocational training is based on the assumption that the two sides of in dustry are responsible for organising the training of the labour force. Enterprises are responsible for continuing vocational training. The further training of the unemployed is organised by the tripartite employment service.

The rule of the thumb is: State regulation of continuing training by law is largely directed at individuals: it gives them legal or financial rights or protection as consumers. The regulations and acts concerned are not as a rule aimed at the regulation of the institutions of continuing training.

*Legal Foundation for Continuing Training*

The Federal Government derives its authority to regulate and organise vocational training (initial and continuing) from its responsibility for law relating to economic matters and for labour law (Article 74 (11) and (12) of the Basic Law). In addition, the two sides of industry may agree on arrangements that fall within their sphere of responsibility. Legislation on schools and universities is at the responsibility of the Länder, since they have autonomous responsibility for education and cultural affairs.

Federal Legislation

The federal regulation of continuing training sets the overall national framework for continuing education in Germany. The regulation of the upgrading of skilled workers to the 'Meister' degree and the regulation of vocational retraining of the unemployed in the context of active labour market policies are the most important legal instruments in the area of national vocational education.

*The Vocational Training Act:*

The Vocational Training Act, which was passed by the German Bundestag in 1969, governs non-school continuing training (sections 46 and 47). To this end, it empowers the chambers of commerce and industry and the chambers of crafts to issue examination regulations, on the basis of which exami-nations may be taken and certificates awarded. These certificates enable successful examinees to make claims for a given level of remuneration. The Act sets out only the requirements which the examinee must satisfy during the examination, not the way in which he must pre pare for the examination. If the chambers do not take action, the Federal Government may issue its own regulations on post-initial training in order to ensure "uniform post-initial training" at the national level. Unlike the chambers, it nor mally stipulates in such cases not only the form to be taken by the examination but also the content and duration of training itself through teaching plans simi lar to school curricula.

As of 1994 there were 2250 regulations on post-initial training, 913 of which were issued by the chambers of commerce. (However, as many chambers have issued regulations which are identical in content, only about 350 different sectors are governed). The association of the chambers (the German Industrial and Trade Association) encourages the standardisation of regulations. Of the 183 or so regulations on post-initial training issued by the Federal Government, 160 concern the "Meister" qualification in crafts, agriculture and industry. The other regulations relate to various sectors, particularly in the construction and chemical industries.

In 1996 a new scheme for financial assistance for training for 'meister' and technician qualifications (Meister Bafög) was introduced to promote the equiv-

alence between general and vocational education. This new bill regulates state financial assistance for skilled employees who are taking such an upgrading course. This course must include a minimum of 400 training hours and cannot last more than 2 years. Participants receive a state guaranteed minimum contribution of DM 1045. (DM 373 is in the form of a fixed state contribution and the rest is a loan). This year roughly 90,000 employees will make use of this training scheme. The overall costs for 1996 are estimated at DM 169 billion. The federal government will contribute DM 132 billion (78%) and the Länder DM. 37 billion (22%) of the total costs. The total cost of this scheme in the year 2000 will be approximately DM 455 billion.

*The Employment Promotion Act (AFG):*
This Act, which was passed in 1969, principally governs financial assistance provided by the employment services for participation in continuing training. Participants are assisted either by having all or part of the course fee refunded to them or by being sent to courses which are entirely funded by the employment services. While attending a full-time course of post-initial training, they are also paid a maintenance allowance in the form of a grant or loan. Continuing training institutions can also obtain – limited – grants for equipment and buildings ("institutional assistance") under the Employment Promotion Act. The Employment Promotion Act has been amended several times. A fundamental reform of the Act is expected to take place in the near future (AFBG).

*The Distance Study (Protection of Participants) Act:*
This Act, which was passed in 1976, is designed to protect consumers. It governs the form and content of (purchase) contracts concluded by distance study institutions and participants and the minimum qualitative requirements to be satisfied by the content of distance study courses and the methods used. All such courses must be recognised and licensed by a government agency (the Central Government Office for Distance Studies – ZFU). Unlicensed distance study courses may not be advertised. There is no provision for state assistance for distance study institutions. However, assistance can be obtained for participation in distance study courses under the Employment Promotion Act. A comprehensive system of distance learning, such as the Open University in the United Kingdom, does not exist in Germany.

*Legislation of the Länder (German Federal States)*
The organisation and financing of educational institutions are governed by Acts passed by the Länder (exception: Acts concerning educational leave). The scope of this legislation varies: while the content, duration and aims of courses offered by schools are specified, continuing training institutions normally have to satisfy only a few requirements to qualify for financial assistance. The supply side is

regulated only insofar as the level of assistance provided for courses varies: institutional providers are more subsidised for the provision of political education courses than for courses of continuing training in vocational or leisure activities.

*The Education Acts:*
Where continuing training is provided in schools (e.g. training leading to the award of state certificates in engineering, business management and domestic science), each Land specifies the content, duration and form of the course through its Education Ministry. As a rule, the successful completion of such courses of continuing training leads to a higher classification on the collectively agreed wage or salary scale.

*The Continuing Education and Training Acts:*
Although these Acts principally govern assistance for continuing education measures, the institutions assisted (e.g. adult education centres) also offer continuing training courses (such as language courses) leading to final certificates which can be used in employment.

Assistance is provided to cover such basic items as the cost of equipping institutions, the personnel costs associated with full-time employees, and other costs incurred in the running of continuing education and training courses. The amount of subsidy depends on the nature of the course and is different in the respective Länder. Thus courses run to enable people to take final secondary school examinations are funded in full in some Länder, while 80 % of the cost of courses of political education and less than 50 % of the cost of courses in leisure activities is met. The Acts have no direct influence on the content of the various courses, which are planned and run by the institutions or bodies concerned on their own responsibility.

*The Educational Leave Acts:*
Ten of the sixteen Länder have legislation which guarantees employees five (in Lower Saxony four) days of educational leave a year to attend courses for vocational training or political education. During this period the employer continues to pay the wage or salary. It is, however, up to the employee to choose the course he wants to attend, as long as the course is recognised by the state. Courses for political education are normally subsidised by the state, whereas fees for continuing training courses must be paid largely or entirely by the participants. However, the Educational Leave Acts in Germany are not very important. Just over 2 % of the work force take advantage of this Act.

*Non-Governmental Arrangements*

Except for the above mentioned legal regulation of some forms of continuing vocational education, in-plant continuing vocational training is not regulated by law in Germany. Any form of state regulation of in-plant continuing vocational training is, in fact, heavily opposed by German employers.

*Sectoral Arrangements for Continuing Vocational Training*

Some sectors have developed their own systems for training skilled employees for their own needs. One example is the banking and insurance sector: employees are offered a graded system of continuing training, which builds on their initial training and is designed to enable them to rise to management positions even if they have not attended a university. These arrangements are based on agreements among the employers. Within the sector, successful training leads to improvements in collectively agreed pay.

Binding arrangements are also made for certain activities, such as the training of welders: the requirements to be met by welders are specified by a central body made up of employers' representatives and individuals. The firms participating in such schemes seek to ensure that work of this type is performed only by persons who can prove that they have had appropriate training. Here again, proof of qualification results in a reclassification according to collective agreements on pay.

*Arrangements on Regional Level*

Arrangements on the regional level have traditionally not been very important in Germany. However, the restructuring process in the New Länder since German unification has somewhat changed this situation. The economic and social transformation process in the New Länder changed the relevance of continuing vocational training in Germany. The vocational retraining of the east German workforce through continuing vocational training measures, especially through training measures of the employment service (Federal Institute of Labour), has a very high priority nowadays.

*Arrangements made by the Social Partners*

Collectively agreed arrangements relating to continuing training can be broken down into the following types:

- *Release and financing arrangements, "educational leave arrangements"*
  At present over 200 collective labour agreements and company agreements include arrangements for the release of employees from work for training purposes. Only a small proportion of these agreements, however, reach the level of Länder statutory educational leave provisions regarding, for example, the length of time that may be taken off.

– *Continuing training under rationalisation protection agreements or in connection with social plans*
Several rationalisation protection agreements specify the extent to which employees whose jobs are affected by technical innovations are to be retrained or undergo continuing training. These arrangements concern specific cases or processes of adaptation in certain sectors: the adaptation measures apply for a given period. As most of the employees concerned are in immediate danger of losing their jobs, the costs they incur are completely or partly refunded by the Federal Institute of Labour.
– *Continuing training as part of work under collective training agreements*
"Collective training agreements", which include comprehensive and preventative concepts for training as part of the humanisation of work and technology, can be seen as a new generation of arrangements. The aim is to provide interrelated arrangements for the following problem areas:
  – the employee's right to paid continuing training during working hours and throughout his working life,
  – an improvement in the works council's co-determination rights in the running of continuing training,
  – the organisation of work (technology and job design), with the aim of giving employees incentives to raise their skill level while at work, not least as a means of counteracting the division of labour,
  – the linking of participation in continuing training to wage and salary questions.

However, these arrangements are not very important in Germany. In the 1980's some collective labour agreements included qualification-arrange-ments. Since the early 1990's no further arrangements have been reported.

### *Role of the State in the Field of Continuing Vocational Training*

The role of the state in Germany in the field of continuing vocational training (i.e. inplant continuing training and further training of the unemployed) is not very large. In principle, legal influence on continuing vocational training is based on the assumption that the two sides of industry (trade unions and employers' organisations) are responsible for arranging the training of the labour force. The state has a minimal general supporting role. Thus:

- Enterprises are responsible for the continuing vocational training of their employees.
- The employment service is responsible for the further training of the unemployed.

The juxtaposition of all different forms of continuing education (in-plant con-

tinuing vocational training, individual continuing training, continuing training assisted and monitored by the employment services and continuing training provided by the state in its own schools or in schools it recognises) has led to the emergence of different market segments, which differ according to providers, financial agreements, and so forth.

### 1.1.3 Quantitative Overview of Continuing Training

*Sources of Data and Information*

There are no comprehensive statistics on continuing training as a whole in Germany. The most important sources of data and information on continuing training include:

- statistics on assistance provided by the Federal Institute of Labour, the examinations held by the chambers and the activities of the training providers/institutions,
- the surveys on continuing vocational training by the IW (an employers' institute) and most recently a survey (the European FORCE-CVTS-Survey) carried out by the Federal Statistical Office of Germany (StaBu) and the Federal Institute for Vocational Training (BIBB). Between 1991 and 1994, the European Commission addressed private enterprises in the member states with an action programme for continuing vocational training. This programme included the collection of comprehensive data on the situation of continuing vocational training in the European countries (FORCE-CVTS-Survey). Up till now, the results of this extensive survey comprise the most comprehensive data on inplant continuing vocational training in Germany. Some of the results are quoted in the following,
- documentation on continuing training courses.

The following quantitative overview is broken down into the following features:

- suppliers/training providers,
- contents/subjects,
- participants.

In connection with the quantitative description of the various features, particular emphasis is placed on the following aspects:

- the importance of firms for continuing training,
- the dominance of updating training,
- new technologies as activators of continuing training,
- the segmentation of employees' partičipation in continuing training, and
- the degree of success in reintegrating unemployed participants in continuing training.

*Suppliers/Training Providers*

The supply side features a wide variety of training providers and their institutions.

*Continuing Training assisted under the Employment Promotion Act*

This segment is dominated by off-the-job training providers/institutions. Some following trends are of importance:

- The proportion of training provided solely by firms has risen only slightly in recent years, despite the fact that major efforts have been made as part of the training offensive to persuade more firms to provide such training, since the reintegration rate among participants who have undergone employer-sponsored continuing training is far higher than the rate among people who have participated off-the-job training.
- The last fifteen years have seen an increase particularly in the proportion of schemes run by private providers and their institutions (included in the category "Other providers") whose activities centre on updating training for the unemployed. The growth in the private sector has been largely at the expense of schools, which have suffered losses as suppliers of upgrading training.

**Scheme 3: Providers of continuing training in 1975 and 1994, by new participants assisted by the Federal Institute of Labour enrolments in %**

| Providers | 1975 | 1994 |
|---|---|---|
| Firms | 11.9 | 8.3 |
| Employees' organisations | 10.7 | 10.5 |
| Employers' organisations | 3.6 | 5.0 |
| Chambers of industry and commerce, chambers of the crafts/guilds | 12.8 | 6.1 |
| Providers of public assistance, private welfare organisations | 0.6 | 1.4 |
| Schools/universities | 38.2 | 19.9 |
| Other providers | 21.2 | 48.9 |

*Employer-sponsored Continuing Training*

In the case of employer-sponsored continuing training (continuing vocational training) the different roles played by the firm as the provider of continuing training must be taken into account. A distinction should be made between activities of the firm:

- as a provider and organiser of continuing training (possibly within its own training centre) for its own employees and acting on its own responsibility,
- as the provider of training on behalf of the Federal Institute of Labour, particularly for unemployed workers.

- as a partner in cooperative schemes and continuing training associations with other providers (firms or off-the-job providers),
- as a user of intercompany and/or off-the-job training institutions, to which it sends its employees.

*Individual continuing training*

Apart from firms, all providers are active in this sector – the so-called 'open continuing training market'. The number of providers is not exactly known. A databank ('Kurs direkt') organised by the IW evaluates the offers of some 35,000 providers. More than half of the 323,567 courses (as of August 1996) on continuing vocational training last longer than a week. There are also some regional databases (e.g. for Hamburg). The distance study sector accounts for only about 1 % of the continuing training market.

## Contents/Subjects

Previous results indicate that enterprises are using other forms of training in addition to courses and seminars. In 1993 information seminars dominated these other forms of training with 72 %, followed by different forms of training in the worksituation with 56 %. This picture changes, however, when one considers instead the share of enterprises using different forms of training in the share of the employees participating in continuing vocational training.

In enterprises which offer continuing vocational training in the wider sense, more than a third of employees participated in 1993 in such a measure. Here continuing vocational training within the work-situation (19 %) is the most important form, followed by information seminars (15 %).

The range of continuing vocational training subjects and contents is extremely wide. The subjects covered by the various courses are general in some cases, or several subjects are covered by one course. Scheme 4 shows the six subjects most frequently taken at the course last attended by those interviewed for the reports on participation in continuing training. Data processing courses lead the field with 22 %. "Education/teaching methods and psychology" and "management and organisation" follow with 19 % each. Other subjects are mentioned far less frequently.

**Scheme 4: The six most frequently mentioned subjects taken at the last continuing training course attended, 1985 and 1994 (Basis: Information provided by Germans aged 19 to 65 on the last continuing training course attended in the previous five years)**

| | 1985 | 1994 * |
|---|---|---|
| Data processing | 22 % | 20 % |
| Education/teaching methods and psychology | 19 % | 11 % |
| Management and organisation | 19 % | 9 % |
| Bookkeeping and accounting | 11 % | 5 % |
| Sales, marketing and advertising | 11 % | ** |
| Electrical engineering, electronics and power engineering | 10 % | 16 % |

* The categories are defined differently, therefore not totally comparable.
** This categorie was not included in the 1994 survey.

Other studies confirm the leading position of data processing in continuing training. Findings of the BIBB/IAB surveys in 1991/1992 show that the following combinations of continuing training subjects are the most frequent:

- data processing and commercial functions,
- data processing and management/organisation,
- data processing and electrical engineering/electronics/power engineering,
- mechanics/hydraulics/pneumatics and electronics/electrical engineering/power engineering.

*Participants*

The available statistics on providers show that continuing vocational training has expanded constantly in the last fifteen years in terms of numbers of participants. The FORCE-CVTS-Survey of 1993-1995 reveals the following participation rates:

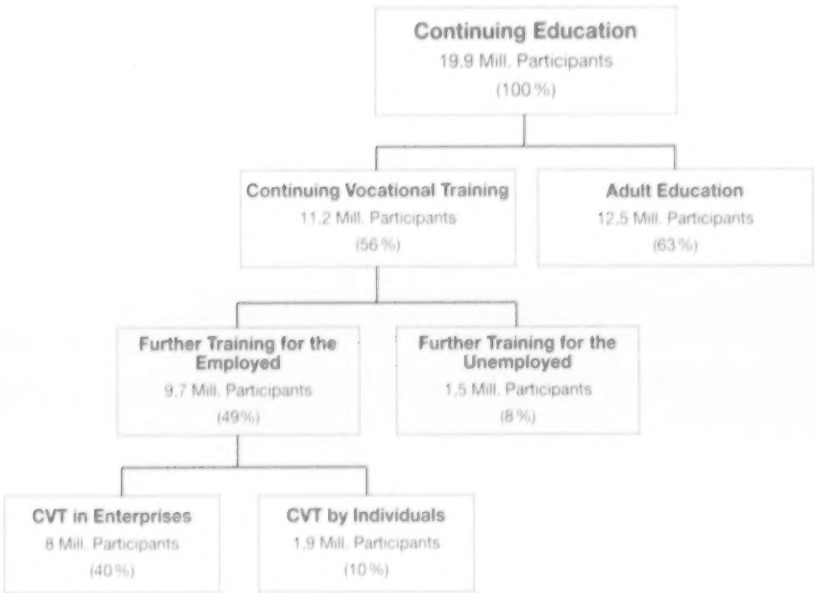
- The overall national participation rate of employees in 1993 who took courses and seminars is 24 %. In comparison to men, women are somewhat underrepresented in continuing vocational training. The national participation rate for women is 22 %, while 25 % of the male employees took courses and seminars. The distribution by sex in the new federal states deviates, however, from the overall national distribution considerably. In the new federal states the participation rate of men is 23% and of women 29 %.
- The age group of 25 to 34 is the most important target group for continuing vocational training in form of courses and seminars. Up to the age of 35 the rate of participation in courses and seminars rises considerably. After the age of 45 the share of is reduced to about half the level for the younger age group.
- The survey shows a clear correlation between the occupational status of the employees and their participation in continuing vocational training. A man-

ager is six times more likely to participate in continuing vocational training than an unskilled – or semi-skilled colleague.

The rates of participation for courses and seminars are the highest in small and large enterprises. The differences between the rates of participation by size of enterprises are not as significant as differences between branches of industry. The rate of participation decreases from 24 % (enterprises with 10 -49 employees) to 17 % (enterprises with 100-249 employees). The rates of participation within the larger enterprises increases again up to 34 % (enterprises with 1000 and more employees). Surprisingly, no correlation is to be found between branches of industry and the size of enterprises.

- Rates of participation for courses and seminars fluctuates considerably between the individual branches of industry. The presurvey already showed considerable differences in training activities of enterprises by branch of industry. The spread extended from 99 % of all enterprises within banking and insurance down to 25 % in the hotel and catering trade. An average of 59 % participation was measured for all branches.
- The participation rate for individuals also diverges considerably by industry, from 50 % in banking/insurance to 14 % in the hotel and catering trade.

**Scheme 5: Participants of Continuing Education in Germany**



### 1.1.4 Cost and Financing of Continuing Training

*Cost and Financing Levels*

Cost levels diverge for the different institutions on the training market. Continuing training costs are met by enterprises, training institutions and participants.

Enterprises incur costs for their employees participating in continuing vocational training. These costs comprise the following items:
- costs due to wage loss,
- payments to training-providers,
- costs for internal training personnel,
- travel costs for participants,
- costs for training facilities,
- contributions.

Training providers incur costs for the following items:
- personnel costs (wages, salaries, including incidental expenses associated with full-time and part-time teaching staff, employer-sponsored continuing training personnel, assistants, personnel and training administration)
- cost of teaching materials
- recurrent costs associated with the maintenance of the continuing training institution
- depreciation for land, buildings, equipment, etc.
- interest payments.

In addition to costs incurred by enterprises there are also costs incurred by the participants in continuing training, the main items being:
- cost of learning and work aids,
- cost of travelling to training institutions,
- additional cost of living (where courses entail lodging away from home),
- loss of earnings/income.

The largest cost-item for enterprises are costs due to the non-working of participants, for the training institutions the personal costs and for participants in full-time courses the loss of earnings and free time.

Costs are measured in money and defined as the consumption of goods and services for the performance of an activity. They are a theoretical construct which is the product of the goods and services consumed (quantity structure) and the prices at which they are valued (value structure). Costs are not identical with expenditure (real payment flows), since they differ according to the time and place in which they are incurred. In addition to problems connected with accurately recording and allocating quantities consumed (quantity structure), valuation margins in particular make cost comparisons very difficult and

problematical. Comparisons can be correctly made only if the respective value structures are open. If differences in terms of value and time are ignored, costs result in expenditure. Expenditures differ between the different institutions on the training market.

The costs for employer-sponsored continuing training (continuing vocational training), are paid by the enterprises.

The costs incurred by training institutions as a rule are met from different sources: from enterprises (for external training), the public authorities or the Federal Institute of Labour in the form of institutional assistance, or the participants through the prices they pay for the training.

As participants are as a rule not able to meet these costs themselves, they are borne by other bodies through the continued payment of remuneration (employer-sponsored continuing training) or maintenance allowances (continuing training assistance under the Employment Promotion Act). They may also finance the costs of the training institution wholly or partly by paying for the training provided at prices which meet all or part of its costs. On the other hand, participants may have part of their costs and course fees refunded by the Federal Institute of Labour, as is the case with continuing training financed under the Employment Promotion Act. The Federal Institute may even refund the costs when participation in a training course is "necessary" within the meaning of the Act.

As the costs associated with training may be financed from a wide variety of sources, a course may be the subject of mixed financing in the same way as the whole system of continuing training. For example, people attending an "open" course recognised as eligible for assistance under the Employment Promotion Act may or may not receive assistance under this Act. Those who are assisted may see their course fees, their travel expenses and the cost of learning and work aids refunded by the Federal Institute of Labour, while those who receive no assistance must meet these expenses themselves.

Other than the different methods of financing individual courses, there are various ways in which the providers of funds recoup or pass on costs. The Federal Institute of Labour finances its operations with compulsory contributions from employees and their employers. Government financing through taxes eventually affects the budgets of employees and employers through the income and consumption taxes they pay. Firms pass on their costs in the prices they charge for their goods. All in all, this gives rise to an extremely complex pattern of links among the various financial flows. These are depicted at a highly aggregated level in Scheme 6, which shows the total expenditures for continuing vocational training by institutional source of expenditures for 1992/1993.

**Scheme 6: Total expenditures for continuing vocational training**

| | | |
|---|---|---|
| Enterprises (without agriculture and independent occupations) | DM | 24.7 Billion |
| Federal Institute for Labour | DM | 19.0 Billion |
| State | DM | 4.5 Billion |
| Participants | DM | 9.8 Billion |
| Total | DM | 58.0 Billion |

The following scheme shows the trends in expenditures for continuing vocational training by enterprises, the Federal Institute for Labour and the State.

**Scheme 7: Trends in expenditures for continuing vocational training**

| | West-Germany | | | Germany | | |
|---|---|---|---|---|---|---|
| | 1970 | 1975 | 1980 | 1985 | 1990 | 1993 |
| Enterprises | 8.4 | 8.4 | 8.4 | 9.6 | 9.6 | 24.7 |
| State | 0.6 | 1.1 | 2.3 | 3.0 | 3.2 | 4.5 |
| Federal Institute for Labour | 0.9 | 3.3 | 4.6 | 5.9 | 14.4* | 19.0* |

* The methods of data-gathering and the definition of continuing vocational training changed.

*Continuing Vocational Training in Enterprises*

Courses for continuing vocational training in the enterprises are mainly short-term. In the previously-mentioned FORCE-CVTS Survey the total costs for continuing vocational training are DM 24.7 billion (for courses and seminars of the enterprises DM 16.6 billion and for training-on-the job DM 8.1 billion). The expenditures for continuing vocational training are paid by the enterprises themselves.

*Continuing Vocational Training financed by the Contributions from Employees and Enterprises (i.e. Federal Institute for Labour)*

In Germany continuing vocational training for the unemployed is financed through the social contributions of employers and employees rather than by the central state through taxes. The central institute for the distribution of funds for training expenditures is the German employment service (Federal Institute for Labour). The expenditures of the employment service for continuing vocational training (advanced training, retraining, formal introductory training) amounted to around DM 19.0 billion. Of this, the overwhelming share went to individual support of participants (DM 18.9 billion). By contrast the institutional support which the employment service can grant to training providers for equip-

ping their facilities makes up only a small fraction of the total expenditures for continuing vocational training. Since German unification the expenditures of the employment service for continuing vocational training have increased sharply. Of the DM 19 billion of expenditures in this area in 1994, the new Länder received around DM 11.4 billion. This lattter amount was reduced heavily in 1995.

*Continuing Vocational Training financed by Individuals*

The individual expenditures of participants in continuing vocational training are DM 9.8 billion according to new estimates from BIBB. However, almost every second participant shoulders some part of the costs of his continuing training. The valuation of learning time as work time is not taken into the consideration. However, particularly with respect to the travel costs and the learning resources, the participants pay a share of continuing training costs.

### 1.1.5 Mixed financing Arrangements

*Sources of Funds and Financial Flows*

Costs associated with continuing training are largely borne by:

- the private sector
- the Federal Institute of Labour
- the public authorities (Federal, Land and local government), and
- the individuals participating in continuing training.

These costs are financed through various sources: income, assets, sales revenues, taxes, loans and members' contributions. The following description follows the above breakdown of sources of funds.

The instruments used to finance employer-sponsored internal and external continuing training are:

- the continued payment of wages and salaries (reflected in indirect costs) while employees are released from work, and
- the payment of direct continuing training costs.

The two instruments are used both separately and in combination.

Firms base their decisions on the financing of continuing training measures on an economic calculation. The expenditure must be worthwhile for the firm. As early as the 1960s this led the neo-classical theory of human capital to develop the thesis of underinvestment in vocational training by firms in the market economy:

Firms which actively engage in training cannot limit the benefits of an investment in training to their own sphere of influence. Mobility in the labour market means that an investment in training may benefit both employees and firms which do not provide training. The latter may use the cost advantage they derive from their inactivity to provide relative wage increases and to poach skilled workers. The content of employer-sponsored continuing training is therefore largely geared to the firm's own interests, and it is extremely difficult or impossible for other firms to use the skills acquired. The adjustment of employees' skills to changes at the workplace is by far the most frequent form of continuing training.

Most courses are of short duration. According to the findings, about three quarters of all courses last no more than a week. Similarly, the concentration of employer-sponsored continuing training on certain target groups (managers, technical salary-earners) shows that firms are still a long way from providing continuing training for the workforce as a whole. Employer-sponsored continuing training and its financing by individual firms in fact tend to exacerbate the imbalances that occur in education and initial training. It is left to public funding sources, above all the Federal Institute of Labour, to make good the shortcomings in training.

The concentration of employer-sponsored continuing training on the groups of employees who are already more highly qualified and better paid is also reflected in the ratio of direct to indirect costs. The cost of the continued payment of their salaries while they undergo continuing training accounts for the large volume of indirect costs.

### *Role of the Social Partners within the Financing Systems*

The role of the social partners within the several financing systems for vocational training in Germany (continuing vocational training in enterprises, continuing vocational training by the Federal Institute for Labour and continuing vocational training paid by individuals) is not very important. An exception regarding financial agreements between the social partners is a fund-agreement on initial and continuing training for scaffold-workers (the 'Sozialkasse Gerüstbauer'). In the Federal Institute for Labour the trade unions and the employers organisations have a supervisory role.

### *Attempts to Combine Continuing Vocational Training for the Employed and Unemployed*

In Germany up till now there are no official schemes to combine continuing vocational training for the unemployed with continuing vocational training for

the employed. Experimental programs to introduce some sort of Job-switch Model in Germany are however financed by the ADAPT-Program of the EU. In the broader sense of the abovementioned starting point of our project, we could also mention the so-called 'Beschäftigungsgesellschaften' (institutions which give work to unemployed/former employees of the enterprises) in the new Länder. Furthermore there are some (not very significant) schemes in the building trade.

## 1.2 Description of the Financing Models of CVT and FTU in Germany

### 1.2.1 The Centre for Vocational Training and Promotion of Economic Performance Simmerath (U. Grünewald, Th. Hintz)

#### A *The Position of the Financing Model within the Overall National Structure of the Financing of Continuing Vocational Training*

The Centre for Vocational Training and Promotion of Economic Performance Simmerath is viewed in the perspective of financing of the vocational training as a normal case of a joint initial training centre. The supply of training is divided in three main areas: joint initial vocational training, vocational schools for master craftsmen and special continuing vocational training measures.

In 1995 joint graded training was offered for apprentices in the building sector and in seven other recognised occupations. In the context of the joint graded training in the building sector apprentices from nine building occupations were trained (concrete and reinforced concrete worker, pavement plasterer, floor and wall tiler, canal construction worker, mason/ bricklayer, plumber, roadmender, plasterer and carpenter). Apprentices for the occupation roof slater and tiler are trained independently.

Joint initial training is a form of training in the dual system of Germany which is supplementary to vocational training in enterprises. In joint initial training centres apprentices are provided with special systematic training in basic vocational skills. In addition, some general topics which cannot be dealt with in the enterprises (because these issues are not covered by for the most part very specialised training in enterprises) are handled in the joint initial training centres.

Initial vocational training measures are quantitatively the most important, in 1994 accounting for 64 % of training measures and 67 % of training hours. 90 % of the training participants were apprentices in 1994. The relative impor-

tance of initial vocational training (i.e. participants, training hours and participant hours) has steadily increased since 1991. The total amount of participants also increased. However, the amount of courses in this field decreased.

In the field of continuing vocational training the Simmerath Centre offers essentially two types of training:

- preparatory courses for master craftsmen ('meister') and
- special continuing vocational training measures.

Master craftsmen training is organised by two training departments. Training Department I is responsible for courses in motor vehicle crafts (motor vehicle mechanic, motor vehicle electrician, coachbilder and automobile mechanic), in the metal industry (machine mechanic, toolmaker, mechanic and lathe operator) and in the food-processing industry (baker). In Department II preparatory master craftsmen courses for the mason, concrete and reinforced concrete worker, joiner, roofer and plasterer are offered.

In both departments nearly all programmes are full-time with a duration of seven to eight months. Part-time courses with a duration of up to 26 months are infrequently offered because of the geographic situation of the BGZ Simmerath, which entails a relative long journey to work.

Just as in the case of joint initial training and the master craftsmen colleges, special vocational training measures are also organised by both departments. Special vocational training courses offer specific retraining measures (i.e. retraining of miners of the region into bricklayers), seminars (i.e. training courses for 'back-problems' or 'quality management'), special measures to support underdeveloped countries (e.g. support for Malaysia to build up master-training in the engine building sector) or preparatory practical courses for students. A department for automobile body- and automobile techniques, which is integrated in the special vocational training department, also offers vocational training for master craftsmen.

## B *Quantitative Description*

*Financing Volumes*

The Simmerath Centre has been built up in four stages. These building stages were financed through federal and Land funds and, in in recent years to an increasing extent, through own resources. By own means (credit-based) the building-stages I, III and IV were financed by the Foundation BGZ Simmerath; the II building stage was financed by the Foundation 'Berufshilfe' of the former building trade union 'IG Bau-Steine-Erden' (now 'IG Bauen-Agrar-Umwelt').

The financial management of the BGZ Simmerath is organised according to the non-profit principle, i.e. the goals of the foundation are solely of public utility and no profits are made.

The financing of the continuing training expenses comes from three financial sources:

1. The basic financial management is organised in the budget of the Aachen Chamber of Crafts. The Foundation finances the maintenance of the buildings (property rights), the redemption of loans (until 1995), the administration of the leisure centre, the costs of administration of the foundation (meetings) and the advertising expenses out of the yearly contributions of the three members.
2. The joint initial training measures are partly financed by the federal state of Northrhine-Westphalia (MWMTV) and the central German government (BMW); the other expenses are financed out of a central solidarity fund, in which training enterprises pay in a certain amount in order to finance joint initial training measures. An exception to this is graded training in the building sector and the joint initial training of the apprentices in the roof and tile sector. Both of these training measures are financed out of the Wiesbaden building trade fund, which is based on the collective labour agreements in the building sector, instead of out of the solidarity fund. In these funds all enterprises pay in a certain amount of money, which is based on a quota based on the wage sum. However, the joint initial training of the apprentices of the chimney-sweeper are paid by their organisations.
3. Training for adults is divided into master-training courses (full-time) and preparatory master training courses (part-time) (MVL) on the one hand and special continuing vocational training courses (SL) on the other hand. The special continuing vocational training courses are divided into retraining courses and continuing vocational training courses other than master training courses (courses which under certain conditions are leading to a continuing vocational training certificate or less formal seminars with a different duration)
   - All the courses in the continuing vocational training, including the master training courses, are financed solely out of course fees, which are paid by the participants (the normal case) or by their employers or other institutions (the exceptional case). Since the introduction of a new law for the promotion of advanced training in 1996, the so-called 'master craftsmen bourse', participants in advanced training measures can receive a state bourse or a loan with a relatively favourable rate of interest (see chapter E).
   - Retraining is normally financed out of the financial resources of the Employment Promotion Act (Arbeitsförderungsgesetz) of the Federal Employment Service (Bundesanstalt für Arbeit). Advanced training was formerly financed out of the resources of the Employment Promotion Act. However, this was abolished in 1993. Some of the measures for vocational

rehabilitation do, however, have some marginal resources for continuing vocational training, so-called FuU-resources.

In 1995 the share of measures for continuing vocational training of the annual total budget was 34 %. This proportion for continuing vocational training (MVL-sector = master craftsmen training courses and SL-sector = special training courses) decreased in the last five years continuously (50,5 % in 1991, 49,3 % in 1992, 47,5 % in 1993, 43 % in 1994 and 34 % in 1995). This decrease is caused by the increase in the importance of joint initial training on the one hand and deteriorating conditions for financial aid for master craftsmen training and special training.

The course fees for a preparatory master craftsman course at the BGZ, where only full-time courses in the so-called master craftsmen colleges are offered, vary between DM 5,900 (baker) and DM 13,600 (concrete and reinforced concrete worker) due to the different length of the courses (7 to 9 months) and the different (infrastructure) expenses (costs for staff, machines and material). In addition DM 1.100.- examination fees are charged (Accommodation costs have to paid for individual participants because some of them come from all over Germany. The participants in master craftsmen courses use almost without exception the surrounding pensions and private homes. The boarding schools of the BGZ are used today by the apprentices and sometimes by seminar participants).

Expenses for individual participants in the special vocational training courses lie between DM 250 and DM 300 per day (e.g. a day-long seminar on "quality management" costs DM 285). Retraining measures (e.g. for the bricklayer) cost approximately DM 24,500 per participant (calculation rate: 8,50 DM/participant hours for 15 participants and 2,874 seminar hours in 18 or 21 months; these costs are paid by the commissioned employment office).

*Total Number of Participants*

In 1995 the total number of participants in adult education in both departments of the BGZ (see chapter A) was 679 (409 in MVL and 270 in the SL-department). This number corresponds to about 10 % of the total number of participants (there were 6,020 participants in joint instruction). Within the last five years the number of participants in the departments MVL and SL decreased considerably, more in the motor engineering sector and the metal industry than in the building sector.

Because of the different duration of the individual measures, the number of teaching hours in courses for vocational training and the number of participant-hours (which is the basis for expense calculations for the Centre) is a better indicator than the number of participants.

In 1995 master craftsmen courses included in total 13,026 teaching-hours and 229,891 participant-hours. In the same year the special vocational training courses added up to 4,801 teaching-hours and 64,530 participant-hours. In the last five years teaching- and participant-hours have also decreased. An exception is the master craftsmen courses in motor vehicle crafts, where the number of lesson-hours between 1992 and 1994 did not decrease as much as the number of participants did. Thus the expenditure of time per participant increased. Special vocational training courses in the building sector also increased. In 1995, despite decreasing numbers of participants, the number of lesson-hours tripled in this sector.

## C *History of the Vocational Training Centre*

Already in 1965 the plenary meeting of the Chamber of Crafts Aachen decided to constitute in Simmerath a vocational training centre. In 1969 the "Berufsbildungs- and Gewerbeförderungszentrum Simmerath e.V." (an organization in the public interest) was founded. The common aim of the participants involved in the founding was the reform of initial and continuing vocational training, in particular for building occupations. Foremost was the pressing need to strengthen joint initial training for apprentices. The specialisation of a number of potential training enterprises, as well as rapid technological development, were the decisive factors making necessary broader vocational training.

In the meantime the vocational training centres for this craft have developed into centres for technology transfer. This centre came into operation on 25 October 1972. In 1977 a leisure centre with outer plant extensions also started. This leisure centre was built because of a high demand for leisure time, especially for the apprentices and course participants accomodated in the boarding school.

In 1981 and 1988 additional capacity for training places and theoretical lessons was created. Today the BGZ Simmerath has 512 training places, 392 places for theoretical lessons and 271 sleeping facilities.

The total costs of the foundation of the centre as well as the plant extensions were DM 31 million. In addition to considerable contributions by the three organisations responsible for the Centre, this was also financially supported by the Federal Minister for Education and Science, the Federal Minister for Economic Affairs, the Minister for Economic Affairs, Small and Medium-sized Enterprises and Technology of the federal state of Northrhine-Westphalia and the Federal Labour Office.

The first master training course was introduced as early as 1972 in the masonry crafts and in the concrete and concrete and reinforced concrete crafts. Also from the beginning, the BGZ has offered many special vocational training courses which are oriented to the different needs of the participants. The BGZ offers preparatory courses for the examination for site-foreman and fore-

man, as well as for the examinations for journeymen in the building occupations. The aim was to allow participants to retrain to aquire vocational qualifications or to qualify for further training examinations.

Since the end of the eighties, structural change in small and medium-sized enterprises and technological progress has forced the BGZ to introduce weekend seminars for craftsmen and for senior staff in small and medium-sized enterprises.

At first these courses were introduced for management leadership of employees and worker deployment as well as for the safe use of new technologies.

### *D Targets of Financing*

The continuing vocational training measures organised by the BGZ Simmerath are, apart from some exceptions, financed according to the normal financing arrangements in the field of continuing vocational training.

In particular master craftsmen courses serve individual vocational careers. Advanced training is an important requirement for the master craftsmen to manage a craft enterprise or to take a leading position in such an enterprise. The right to employ and to train apprentices is also usually connected with the attainment of the master craftsmen certificate.

The master craftsmen qualification is defined in laws enacted by the central German state. It is part of the vocational advanced training arrangements. It has a similar formulation in the Vocational Training Act, in the Craft Trades Act and in the Employment Promotion Act: "the advanced vocational training should make it possible to preserve and expand vocational knowledge and skills, to adapt to technological developments or to advance in the career".

The intensity of master craftsmen courses is laid down by law, and the financial and time expenses are considerable.

A full-time programme to become bricklayer takes eight months. In this period approx. 1450 lesson-hours have to be attended. The costs, including the examination fees, amount to DM 14,613.

If the employee does not want to or cannot interrupt his work, he can also qualify for a master craftsmen degree in the form of part-time courses (2 x a week 3 hours and on Saturday 5 hours). The costs are slightly lower, and the duration of the courses amounts to approx. 26 months.

Measures for updating skills and knowledge are less cost and time consuming. Charges for the seminar "quality management in the motor vehicle craft enterprise" (8 hours) are DM 285, for the seminar "founding of an effective quality management system" (72 hours in 9 days) are DM 2850.

## E Financiers of Continuing Vocational Training

The vocational training measures organised by the BGZ Simmerath are in principle funded by three sources: finance from the single course-participants, finance from the sending craft enterprise as well as finance (for at least of some expenses) from public authorities.

In the past few years there have been considerable changes in financial assistance for participants in master craftsmen courses. Traditionally the Federal Labour Office financed advanced training measures (updating and advanced training). This support included the maintenance allowance for the participant as well as the expenses for the programme (i.e. for course fees, board and lodging). About half of this support was for maintenance costs.

In the past few years the importance of updating and advanced training (including master craftsmen courses) has clearly changed. In 1969 advanced training comprised 87 % of continuing vocational training measures, in 1971 51 % and in 1991 just 28 %.

In the first half of 1996 both parties in the government coalition introduced a new law for the promotion of advanced training (Advanced Training Act) to the Bundestag.

This law can be seen as a reaction to the substantial displacement of advanced training for a master craftsmen degree out of the promotional catalogue of the Federal Labour Office. Analogous to support for students, the new law stipulates support (dependent upon income and wealth) up to a monthly amount of DM 1045 for single and DM 1465 for married persons. Only a part of this sum is an allowance. The remainder is a loan which has to be repaid by course participants.

The act also defines quantitative criteria for continuing vocational training measures. These measures should compromise at least 400 lesson-hours and should be completed within 36 months (full-time) and 48 months (part-time).

In the opinion of potential participants as well as of the training institutions this law represents a clear financial deterioration in comparison with earlier financial assistance from the Federal Labour Office.

In particular, (co-)financing by the enterprise is of marginal importance in the case of seminars for managers in craft enterprises and for owners (management, marketing and advertising seminars).

## F Target Groups for BGZ-Measures

Continuing vocational training measures at the BGZ consist mainly of individual qualification measures in the field of updating and advanced training. These measures are mainly financed by the beneficiaries of the measure.

This is most clear in the case of master craftsmen courses. These courses are



106

a necessary precondition for self-employment. The costs of the measure are paid for currently by the participant. Relief from a considerable burden is possible through the income tax deductibility of costs only in the case of part-time measures. An essential support in the past was support by the Employment Promotion Act. However, number of persons supported in this way decreased considerably because of the strict budget policies of the central German government in the last ten years. The aforementioned adjustment of support through a mixture of allowance and loans will probably further exacerbate this decline. Only in the case of a quantitatively insignificant part of the measures, i.e. measures for "quality assurance in the craft trade", will financial support of the participant by his enterprise be realistic.

Also of little importance are measures for former miners for retraining for employment in the building sector, where they have good employment opportunities. The labour administration takes over the training costs in this case.

### G *Benefits of the Financing Models for the Participants*

Since the BGZ offers mainly advanced training for individuals, the qualification effect of the measures offered to the participants, in particular the importance of the master craftsmen certificate on the labour market, is very important. Whether the benefits of a master craftsmen training can defacto be realised in a higher income depends of the overall economic situation in the individual craft sectors as well as the individual potential of the qualified master craftsmen to make the investments necessary for the establishment or take-over of a craft enterprise. If the qualified master craftsmen remains a dependent employee it is not certain whether the qualification will lead to a higher income, which could compensate for the financial burdens and the loss of income during the qualification period. In particular the requirement for loan repayment in the new regulations for the financing of a master craftsmen qualification makes such a degree more risky in the future. It must be feared that, under the new regulation, the only employees that will use the credit supported measures are those who could also do without financial support.

### H *Actors and Participating Decision Makers*

Since the foundation of the organisation in 1969, all three members of the supporting foundation for the BGZ pursue the same goal, namely to advance industry and commerce through vocational training.

The Aachen Chamber of Crafts is obligated to pursue this goal by the Craft Trades Act and the statutes on economic promotion, especially the promotion, regulation and monitoring of initial and continuing vocational training. It is the

regional representative of 12,087 firms, including 9,701 craft enterprises firms and 2,386 quasi-craft enterprises (as of 31 December 1995). Of the 127 craft occupations listed in Appendix A of the Craft Trades Act, 96 craft occupations situated in the chamber district of Aachen and 41 of 50 quasi-craft occupations in Appendix B of the Craft Trades Act.

A Chamber of Crafts does not have to carry out vocational training, but it is required to promote (in particular through monitoring and advice) and also according to the legal definition to regulate it. With the knowledge that initial and continuing vocational training are decisive prerequisites for the conservation and reform of productivity and quality (and thus the competitiveness of craft trade enterprises), the Aachen Chamber of Crafts organises five training centres as well as an academy for artistic crafts, which has its own building and a training workshop. Today it offers about 2,400 initial and continuing vocational training places for practical and theoretical courses and – regionally as well as nation-wide – qualification courses (initial, advanced and further training as well as retraining courses) for employers and employees.

The former union 'IG Bau-Steine-Erden', since 1.1.96 'IG Bauen-Agrar-Umwelt', has been from the start a union which has been especially involved in vocational training (of course mainly in the building trade). In particular, the IG BAU promoted new ways to integrate vocational training in collective labour agreements, the so-called graded training in the building sector. This training system is referred to over and over again as an example for modular training courses in the ongoing debate about a possible need to modernise the dual training system. Due to the organisational responsibility in partnership in with the BGZ Simmerath and because of the ordinance – which is developed and implemented by the social partners – in which the graded training is defined, it became clear, that the experiment "graded training in cooperation in the building sector in block system" of the 'Bundesinstitut für Berufsbildung' (Federal Institute for Vocational Training) has to be run by the BGZ Simmerath. With the cooperation of the BGZ, the vocational schools, regional building firms and of course of the IG BAU (Building Trade Union), the possibilities of cooperation and coordination between the training partners (vocational school, enterprise and joint initial training centres) were systematically certified and tested.

Examples of these are the social funds in the building sector, which were commonly introduced by the social partners, and joint initial training in the building sector. In two cases regulations were also introduced for continuing vocational training financing.

The third member of the association, the 'Stiftergemeinschaft für Gewerbeförderung im Grenzlandbezirk Aachen' (Association for the Promotion of Small and Medium-sized Enterprises in the Border Area Aachen), was founded with the explicit goal to support the regional small and the medium-sized enterprises – which are situated in the border-triangle Belgium-Netherlands-Ger-

many, by means of initial, advanced and continuing vocational training.

The association BGZ Simmerath e.V. has three members. The association consists of three statutory organs: A general meeting, a managing committee and a committee. According to the distribution of the financial deposits in the common project (7/16 by the Chamber of Crafts Aachen, 6/16 by the IG BAU and 3/16 by the association for the promotion of small and medium-sized enterprises), the Chamber of Crafts has seven, the IG BAU six and the third association three votes in the general meeting. The tasks of the general meeting are: the election of the members of the board and the annual release of the managing committee, confirmation of the members of the Committee, acceptance of the annual audit of the expired fiscal year and fixing of the budget for the coming fiscal year.

The board consists of eight members (Aachen Chamber of Crafts with four members, the IG BAU with three members and the other association with one member). The managing committee has a term of four years. The chair is taken over according to a two year cycle by a member of the board appointed by the Chamber of Crafts and an appointed member by the IG BAU. The tasks of the managing committee are in particular: the drawing up of decisions of the association, the administration of the properties of the association, the drawing up of annual accounts and the planning of expenses for the annual budgets. The first and the second chairmen represent the BGZ in external affairs. They are also authorised to sign documents for the association. The necessary highly confidential cooperation between the federal managing committee of the IG BAU and the chairman and management of the Chamber of Crafts is very successful and free of problems since the founding of the BGZ.

The curatorium of the association consists of persons from politics, administration, industry and commerce and culture, who are appointed by the managing committee and confirmed by the general meeting and the BGZ Simmerath. It advises the managing committee, the management of the training centre and also of the Chamber of Crafts in pedagogical issues in vocational training. A pedagogical advisory council is formed amonng the curatorium. It consists of experts who are highly experienced in pedagogical questions related to vocational training.

The manager, the teachers, the boarding school manager and the other employees of the BGZ are on the payroll of the Chamber of Crafts. The manager is nominated by the Chamber of Crafts and chosen by the managing committee. He is in charge of the organisation of the courses and the boarding school, has to report to all committee meetings on questions related to the courses and the boarding school and has to advise the committees in all relevant questions.

Information and decision rights and the duty to advise the different committees guarantee that all members of the association participate in the pursuance of the common objectives and all are working together as partners.

This is still a unique form of cooperation between representatives of the employers' organisations and trade unions in Germany. They form together a qualification network which exemplifies in a special way the common pursuance of interests which are defacto common to all, namely praxis-oriented and need-oriented promotion, which originates from industry and commerce and promotes industry and commerce.

## *I Comprehensive Assessment*

This model of a joint vocational training centre is an outstanding example of a successful and need-oriented cooperation between employers organisations and trade unions.

- Seen from the point of view of the financing of continuing vocational training in the BGZ, this exemplifies a normal case of external training suppliers.
- The most frequent financing source is payments of the training participants, if necessary with the financial support of the Federal Labour Office. Co-financing by enterprises, collective or single enterprises is the exception.
- The stronger common financial promotion of vocational training is desireable. Employers and employees and the state, which claim the equivalence of general with vocational training, are responsible here.

The largest desideratum on national level is at present the problem that the employee who has a job and wants to hold it – apart from a few exceptions as in the collective labour agreement for the continuing vocational training of the scaffolding sector – does not receive sufficient support from the state. The present regulation of the so called 'master craftsmen-Bafög' (master craftsmen bourse) is unsatisfactory. Investment expenditure and investment risks – temporal as well as financial – are carried entirely by the individual employee.

Here it becomes clear that it is not acknowledged that the protection of human resources, which is the most important competitive factor for the international economic position, is in the common interest of the employer and of the employee as well as equally of the state.

We should notice that the same deficiencies are also present on the European level. There are indeed a multitude of very good instruments for the economic promotion of all kinds of discriminated persons, thus for special groups. Support for the "normal case", that is to say of the actors in industry and commerce, who de-facto generate economic development, is just marginal.

## 1.2.2 The 'Social Cashdesk' in the Scaffolding Sector: A Financing Model of Initial and Continuing Vocational Training Regulated by Collective labour agreements (D. Moraal, G. Schmidt)

### *A The Position of the Financing Model within the Overall National Structure of Financing of Continuing Vocational Training*

The regulation by collective labour agreements of initial and continuing vocational training in the scaffolding sector is unique for Germany with respect to its content (social partnership) as well as its financial structure (split costs). In 1981 the social partners in the scaffolding sector agreed upon a financing system regulated by collective labour agreement in order to solve the specific problems of continuing vocational training in this sector, namely that the qualification level of the employees did not match technological progress anymore. Social contributions regulated by collective agreements as well as the costs of vocational training are financed out of the so-called 'Sozialkasse' (social cashdesk) of the scaffolding sector.

### *B Quantitative Description*

*The occupation scaffolder and its job requirements*

The job requirements of the occupation scaffolder are far more complex than the traditional skills required earlier. There exists a manifold spectrum of scaffolding systems. The development of scaffolding systems is marked by recent improvements with regard to security, reliability as well as flexibility. A progressive rationalisation is also taking place in the building sector. In addition to the erection of the manifold scaffolds, the safety at work of the other employed employees is dependent on the work of the scaffolder. The work of the scaffolder includes therefore also the application of vital accident-prevention rules.

The initial and advanced training of the scaffolder is regulated by collective labour agreements

The uniform training regulation of the occupation scaffolder (which encompasses initial vocational training as well as further and continuing vocational training) was at first approved in 1991 (collective labour agreement on the vocational training in the scaffolding sector – TV Berufsbildung from 2. July 1991).

The general collective labour agreement for the scaffolding sector (RTV) was agreed upon by the 'Bundesverband Gerüstbau' (the Federal Association for Scaffolding' and the 'IG Bau-Steine-Erden' (Trade Union of the Building Sector). The domain of the collective labour agreement is all of Germany (except for Berlin). The collective labour agreement covers the firms of the scaffolding sector.

The collective labour agreement applies to the occupational groups de-

scribed in Scheme 8. This classification of occupations includes unskilled and semi-skilled occupations as well as the regulated initial and advanced training occupations in the scaffolding sector.

**Scheme 9: Classification of occupations in the scaffolding sector (groups defined by the collective labour agreement)**

| Occupational group | Occupational title (1) |
|---|---|
| **M** | **certified scaffolder group leader/scaffolder master craftsmen** |
| I | scaffolder group leader |
| **II** | **certified scaffolder main engineer** |
| III | scaffolder technical engineer |
| **IV** | **scaffolder** |
| V | scaffolder-worker |
| VI | scaffolder helper |
| VII | storeman |

(1) the bold-marked occupational titles are the regulated initial and advanced training occupations in the scaffolding sector.

Unskilled and semi-skilled employees are working in the occupations storeman, scaffolder helper and scaffolder worker. Initial vocational training is completed with the vocational certificate 'scaffolder'. The occupations certified scaffolder, technical-engineer and certified scaffolder main engineer are the advanced occupations regulated by collective labour agreement. The certified scaffolder group leader has a quasi-master craftsmen certificate.

*Initial vocational training*

Initial vocational training takes place in the enterprises, vocational schools and joint institutions. Practical knowledge is acquired at the building site and by joint initial training, while theoretical training takes place in the vocational school.

The training regulation and the collective labour agreement on vocational training in the scaffolding sector covers a training period of 2 years. The duration of joint initial training is fixed for the first training year at 11 and for the second at 17,5 weeks. During this time vocational training, which is divided into weekly alternating training blocks, takes place in the vocational school and the joint initial training centres. In Germany, including the new federal states, there are 3 regional centres in which the vocational school and the joint initial training takes place.

In the collective labour agreement the contents of joint initial training specified. In the general training scheme for the vocational training of the scaffolder are the skills and knowledge defined.

*Advanced Vocational Training*

The collective labour agreement of the scaffolding sector defines two advanced training courses:

- advanced vocational training for the certified scaffolder main engineer and
- advanced vocational training for the certified scaffolder group leader.

These advanced training courses are not in the strict sense of the Vocational Training Act recognised as master craftsmen occupations. By ordinance the federal Minister of Education and Science can recognise under certain conditions a quasi-master craftsmen certificate.

- Advanced training of the certified scaffolder main engineer
  The employees, who are working in the scaffolding sector, can claim to participate to the, from the 'Social Cashdesk' recognised advanced training course in order to become certified scaffolder main engineer. This advanced training is regulated by collective labour agreement and is a sector specific advanced training occupation. Certified scaffolder main engineers are employees who successfully completed initial vocational training as a scaffolder, have four years of experience in the scaffolding sector and have successfully finished the 5-week main engineer course. Their main activity is the professional guidance of scaffolder technical engineers, scaffolders, scaffolder helpers, storemen, as well as command over and control of a scaffolding erection group and active cooperation. The main scaffolder engineers' training course comprises at least 100 training and practice hours and should be taken in the form of training blocks. The occupation certified scaffolder main engineer is only regulated by collective labour agreement and not by a ministerial decree.
- Advanced vocational training for the certified scaffolder group leader
  Employees who are working in the scaffolding sector have a right to participate in advanced training courses recognized by the 'Social Cashdesk' in order to become a certified scaffolder group leader. Certified scaffolder group leaders are employees who, in addition to possesing a certificate in a relevant recognised initial training occupation, have also successfully completed a final examination as certified scaffolder main engineer and also have 5 years of work experience in this field. Their main activity is the independent command over and control of several scaffolder erection groups. The group leader training course takes 6 weeks and is organised in the form of training blocks. The occupation certified scaffolder group leader is recognised by a ministerial decree recognised as a quasi-master craftsmen occupation.

*Financing of Initial and Continuing Vocational Training in the Scaffolding Sector*

The regulation of initial and continuing vocational training in the scaffolding sector, which is based on the principle of shared costs and expenses, is in its '-procedural' and 'financial' structure a rare model of regulation. First of all, in-

itial vocational training and above all vocational advanced and continuing vocational training in the scaffolding sector is regulated by the social partners themselves, which is relatively uncommon in Germany. This is a model of sector-organised and collective labour agreement-regulated initial and continuing vocational training. Not only these sectoral 'procedural' agreements on initial and continuing vocational training, but also the financing of the initial and continuing vocational training by a sector fund define the concrete situation in the scaffolding sector. In 1981 the social partners in the scaffolding sector came to a collective labour agreement regulating the financing system. This aimed at overcoming the specific problems of initial and continuing vocational training in the sector, namely, that the qualification levels of employees did not match technological requirements anymore. The social partners agreed upon a system for the sharing of costs and expenses in order to finance the accrued costs of initial and continuing vocational training. The costs of vocational training and social contributions regulated by collective labour agreement are financed out of the so-called 'Social Cashdesk' of the scaffolding sector.

*Financing of initial vocational training*

The 'Social Cashdesk' covers the following costs for initial vocational training for the scaffolder:

- the training allowance paid by the employer to the apprentices up to an amount specified by collective labour agreement
- accommodation, catering and travel expenses for the periods during which block training and joint initial training occur
- costs of teaching and learning equipment for the training centres

The apprentices receive a monthly training allowance graded for the 1st and 2nd training year. This training allowance (DM 1871,- (west) and DM 1684,- (east) in 1996) is the highest training allowance in Germany.

*Financing of advanced and continuing vocational training*

Employees participating a training courses or examinations can claim continued wages from their employer for 8 hours for every training and examination day. The 'Social Cashdesk' also bears training costs, including training material and examination fees as well as costs of accommodation, catering and travel. The 'Social Cashdesk' refunds employers for their employees' wages plus a financial compensation of 45 % of the social contributions paid by the employer. The 'Social Cashdesk' finances the necessary training fees and costs of teaching equipment of the training centre.

*Number of the Firms in the Scaffolding Sector, Quantitative Data on Initial Training for the Occupation Scaffolder*

In 1995 a total of 2,451 firms in the scaffolding sector were reported. A total of 29,600 employees (90% workers and 10% administrative staff workers) were working in the scaffolding sector. Most employees (63% of the workers) were working in unskilled and semi-skilled occupations (occupational groups VII, VI and V). 18% of the employees work in the occupation scaffolder (occupational group IV) with an initial training certificate. Employees with a higher qualification (occupational groups III, II and I) also amount to 18% of workers. Only 1% of the employees have the qualification level of a quasi-master craftsmen certificate.

As of 31. December 1995 750 apprentices were reported, of which were 357 in the old federal states and Berlin and 393 apprentices in the new federal states. In 1995 a total of 175 apprentices took courses for the nationally recognised final examination for scaffolder in the three training centres. The number of apprentices has increased dramatically between 1991 (75 apprentices) and 1995 (750 apprentices). This indicates that, in the future, fewer unskilled and semi-skilled employees (in 1995 still 63%) will be occupied in the scaffolding sector.

In 1995 11 advanced training courses for the certified scaffolder main engineer (completed by 231 employees), 10 further training courses for the certified scaffolder group leader (completed by 233 employees) as well as 3 instruction courses for the training instructor examination (completed by 69 employees) were provided.

*Spectrum of Promotional Measures and Quantitative Changes over Time*

The 'Social Cashdesk' supports initial and advanced training in the sector:

- initial vocational training for the occupation scaffolder
  and the following advanced training courses:
- certified scaffolder main engineer,
- certified scaffolder group leader,
- training course (regulated by decree) for the vocational pedagogical qualification for vocational training in industry and commerce.

## C History of the Model

In the 1970's and 1980's above all unskilled and semi-skilled workers were employed in the scaffolding sector. 80% of the employees did not have a vocational training certificate. Due to technological development in this sector it became necessary to promulgate an initial and continuing vocational training regulation for the occupation scaffolder.

Characteristic for the creation of an initial training ordinance of the scaffolder is its development out of an already existing advanced training occupation:

- from advanced training for the certified scaffolder main engineer (collective labour agreement from 21. December 1982) and
- from advanced training for the certified scaffolder group leader (ministerial decree from 14 November 1978).

## *D Targets of Financing*

The primary task of the 'Social Cashdesk' is the financing of social benefits to the workers in the scaffolding sector specified by collective labour agreement, refunding of vacation costs, costs caused by the loss of wages and temporary financial assistance as well as supplementary aid regulation payments. In addition, a regulation for financial bridging grants for the loss of work caused by bad weather has been in effect since 1 January 1996. The 'Social Cashdesk' also manages the promotion and protection of vocational training measures in the sector and refunds initial and continuing vocational training costs. The 'Social Cashdesk' also refunds the cost of materials for joint initial training centres.

## *E Financiers of Continuing Vocational Training*

Every employer in 1995 contributed a total sum of 26 % of the total of wages and salaries to the 'Social Cashdesk' for the financing of social benefits for workers in the scaffolding sector regulated by collective labour agreement (holiday payments, pay compensation, supplementary aid and refund of the costs of the vocational training). Scheme 9 shows the distribution of the total sum. The financial contributions to the 'Social Cashdesk' must be used for the defined purposes.

**Scheme 10: Distribution of the contributed total sum**

| | |
|---|---|
| for the risk of holiday | 19,4 % |
| for the risk of pay compensation | 3,3 % |
| for the risk of vocational training | 2,5 % |
| for the 'Social Cashdesk' | 25,2 % |
| for the risk of supplementary aid | 0,8 % |
| total sum | 26,0 % |

As specified by collective labour agreement, employers have to pay for every staff worker a monthly DM 20 contribution into the 'Social Cashdesk' for financial contributions for state pensions of staff workers.



116

The total of wages and salaries amounted 1995 to DM 742 million. From the total sum 2.5 % (DM 17.8 million) were used for initial and continuing vocational training. In 1995 DM 5.1 million were used for the costs of advanced vocational training.

### F *Target Groups for Promotional Measures*

It is unique, that in a branch of industry any worker has the right to participate in measures for vocational training if specified entry requirements are fulfilled. However, according to the Vocational Training Agreement for the scaffolding sector, only employees of scaffolding firms can participate. Unemployed persons are (as far as is known) not promoted.

### G *Benefits of the Financing Model for the Participants*

The principle of cost and expense sharing in the scaffolding sector has several advantages:

1. the costs of initial and continuing vocational training are carried by all enterprises (training and non-training enterprises) in a sector,
2. it is not necessary for the state to intervene, e.g. through subsidies
3. initial and continuing vocational training (claim for advanced training) secured by collective labour agreement and its financing guarantees the individual employee transparent advanced training opportunities and secure financial support.

### H *The Role of Actors and Participating Decision Makers*

The benefits of the 'Social Cashdesk' and contribution payments are regulated by the collective labour agreement between the social partners 'Bundesverband Gerüstbau' (Federal Association for Scaffolding) and the 'IG Bauen-Agrar-Umwelt' (Trade Union for the Building Sector, Agriculture and Environmental Protection). The Federal Minister for Labour and Social Affairs has declared the collective labour agreement generally binding.

The 'Social Cashdesk', with parity representation of employers and employees, manages tasks specified in the collective labour agreement.

The vocational advanced training courses are organised by three vocational training and technology centres of the Camber of Crafts. The Chamber of Crafts is respectively responsible for two main centres (Frankfurt and Weiterstadt). In addition, also advanced training courses are realised in cooperation with five Chamber of Crafts (Bremen, Coburg, Dortmund, Düsseldorf and Frankfurt).

*I Global Steering Instruments*

The financing model in the scaffolding sector (Social Cashdesk) is based on the so called sector specific collective labour agreement, which regulates the sharing of costs and expenses. Not only firms that train but also firms in the sector that do not train contribute to the financing of initial vocational training and further training. Exact regulations of the financing model are contained in the collective labour agreements.

*J Comprehensive Assessment*

The financing model in the scaffolding sector ('Social Cashdesk'), being based on collective labour agreements as well as on an financing system based on the principle of shared costs and expenses, is very uncommon in Germany. It should be noted that employees not working in the scaffolding sector are not entitled to participate in the relevant initial and continuing vocational training courses.

### 1.2.3 Financing Model of the Development Agency for Agriculture and Forestry (FLF)/Qualification Fund for Agriculture and Forestry (QLF) (Th. Hentschel)

*A The Position of the Model within the Overall National Structure of the Financing of Continuing Vocational Training*

The model introduced here is a fund-based solution in the agriculture and forestry sector for the financing of initial, advaaced and further training of employees who were or are working in this sector (independent of the legal form of the firms) and who wish to continue to work in agriculture or forestry. Contributions to the qualification fund by employees and employers renders possible the vocational training of the aforementioned target groups.

The 'Förderwerk Land und Forstwirtschaft' (Development Agency for Agriculture and Forestry) also participates in the overall national structure through the co-financing of measures by the European Social Fund, resources of the Employment Promotion Act etc. The 'Qualifizierungsfond Land und Forstwirtschaft' (Qualification Fund for Agriculture and Forestry) was founded to raise contributions from enterprises. The Development Agency is founded as a training institution for the realisation of the aims of the collective labour agreement. The legal basis for the fund is a collective labour agreement which came into force on 1 January 1996. The agreement is revokable after a period of five years with a period of notice of one year (every 31 December in the years 2000,

2005 etc.). The Federal Minister for Labour and Social Af-fairs declared this collective labour agreement generally binding from 1 January 1996 onwards.

## B Quantitative Description

*Financing Volumes*

The collective labour agreement regulates the raising of the contributions from employers and employees. Every permanently employed person covered is obliged to make contributions. The contribution amounts to DM 7 monthly from the employer and DM 3 from the employee. Both employer and employee contributions are paid in by the employer.

On 9 March 1996 about 89,500 employees were working in the agriculture and forestry sector in Germany. This yields a total revenue of DM 10,741,200, or 89,500 multiplied by the QLF contribution (12 months x DM 10 = DM 120 DM a year per employee).

*Total Number of Participants*

The current activities of the Development Agency can be divided between publicly financed labour market measures and measures within enterprises.

- With these resources a multitude of employment measures were initiated in the past aimed at preserving the working capacity of employees. Employment measures accompanying training are a part of these measures. In 1995 approximately 1,300 employees participated in these measures.
- Employees from agricultural and forestry enterprises participated in many different ways in the training measures of the Promotion Institute. Approximately 400 employees participated in short training courses, seminars, meetings, etc.

*Spectrum of Promotional Measures and Quantitative Changes over Time*

The focus of promotional measures (nearly 100%) in the initial period of the Development Agency was on measures for the initiation of employment. In particular employment measures were initiated in agricultural and forestry or in related sectors such as nature conservation and protection of the countryside. Since 1992/1993 a shift in focal point took place, with work-accompanying qualification becoming central. At the same time various independent qualification areas, resulting in the following focal areas:

- village and regional development,
- qualification accompanying work (Agriculture and Forestry, protection of the country side),
- employment and training enterprises (Beschäftigungs- und Qualifikationsgesellschaften),
- measures to promote self-employment.

- labour market commissioner (labour market policy).

In these fields numerous projects, training measures and seminars took place. The development of the measures and projects was supported by prepared and accompanying expert reports.

The new collective labour agreement as of 1 January 1996 focuses especially on the qualification of employees in the agriculture and forestry sector (approximately 80% the promotional measures).

## C *History of the Model*

The idea for establishing the Development Agency was born in 1991. At that time the former 'Gewerkschaft Gartenbau, Landwirtschaft und Forsten (GGLF) (Trade Union for Horticulture, Agriculture and Forests) recognised that the adaptation of agricultural and forestry firms in the former German Democratic Republic (GDR) to EU conditions would result in deep cuts in the labour force of the firms. In numerous negotiations with the former 'Treuhandanstalt' (Trust Agency) social plans were agreed upon. The GGLF, however, was not satisfied with only agreeing upon social plans. It also wanted to find solutions for how employees (including redundant employees) could have improved working and life perspectives.

At the same time the German government, the Deutsche Gewerkschaftsbund (DGB) (German Federation of Trade Unions) and the Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA) (Federal Association of German Employer Organisations) agreed upon a general agreement in which the essential central points and conditions of structural change in East Germany were laid down. Thereafter, the 'Gewerkschaft Gartenbau, Landwirtschaft und Forsten' (Trade-union Horticulture, Agriculture and Forests), the 'Treuhandanstalt' (Trust Agency) and the 'Arbeitgeberverband der Deutschen Land- und Forstwirtschaftlichen Arbeitgeberverbände' (Employers' Association of German Agriculture) agreed upon a qualification fund in the agriculture and forestry sector. In 1992/1993 further agreements followed, in which the most essential goals were laid down: promotion of employment, qualification and measures for promoting self-employment.

## D *Targets of Financing*

The financial objectives according to § 3 of the qualification fund in the collective labour agreement are the development and protection of competitive full-time and part-time jobs in the agriculture and forestry sector through qualification measures.

The following measures were agreed upon:

- the advanced and continuing vocational training of the employees previously or currently working in agricultural and forestry enterprises (independent of the legal form of the firms) and who wish to continue to work in the Agriculture and Forestry sector;
- support of activities of institutions and associations insofar as they dedicate themselves the aforementioned measures ;
- supplementary work-related information and support
- expertise

### E *Target groups of the promotional measures*

The target groups for promotional measures are current employees in Agriculture and Forestry and former employees who want to start working again in this sector.

### F *Benefits of the Financing Models for the Participants*

The most essential results of the collective labour agreements so far are:

To preserve and develop the potential qualifications of employees. That is to say, through participation to employment measures with accompanying qualifications the employees can conserve their employability. Through participation in training courses they can enlarge their knowledge, capabilities and skills. Approximately 20% of the participants in publicly promoted labour market measures could find a job after completion. A frequent condition of participation was that they would receive a vocational qualification (or partial qualification (e.g. welding)) in the context of the job-creation measure.

The enterprises participated in the projects because it helps them to obtain qualified employees. In addition, qualification measures for safety at work helped them to fulfil legal requirements relating to accident-prevention rules.

Inhabitants of rural regions participated in these measures because appropriate projects, e.g. in the field of employment, brings resources into the regions. This also contributes to an increase of the skills level and even-to structural policy because of the linkage between the training measures in village and regional development concepts.

### G *Actors and participating decision makers*

The Development Agency sees itself as an instrument of the social partners IG Bauen-Agrar-Umwelt (Trade Union for the Building Sector, Agriculture and Environmental Protection) and the Gesamtverband der Deutschen Land- und

Forstwirtschaftlichen Arbeitgeberverbände (Employers' Association for German Agriculture). However, this presupposes at all levels (central state, federal states, districts/regions) close cooperation between the respective levels, the Promotion Institute and the social partners. Many problems could so far be solved only through cooperation.

### H *Global steering instruments*

The Qualification Fund as well as the Development Agency have committees with parity representation. As registered associations, they are run by managing committee or by an alternating chairman. Budget planning and yearly reports are to be decided upon and approved by the general meeting. The decisions of the general meeting and of the managing committee are carried out by management.

The regional offices carry out the regional work of the Development Agency.

### I *Comprehensive Assessment*

The example described above proved itself in the past as an instrument for the alleviation of social conflicts in the rural regions. Because of cooperation between the social partners and the Development Agency 'instrument', the previously unknown degree of structural change in the rural regions and in agriculture and forestry was mastered relatively free of conflicts .

Particularly positive was the existence of basic financing independent from public support, which was available for the fast and unbureaucratic development and implementation of projects.

At the same time the qualification fund enables employees the possibility to improve their own working capabilities. In agriculture it is particularly difficult to participate in public training measures. The initial experiences of the Development Agency are showing how to deal with this problem by means of targeted supplies and effective structures (e.g. mobile schools).

The partly independent basic financing renders also possible experiments with new solutions.

Many measures could be brought into existence through the close cooperation of the associations with the Development Agency, and through the participation of other partners (employment offices, federal state and districts).

## 1.2.4 SPI ADAPT project Job-rotation (B. Uhrig)

### A *The Position of the Financing Model within the Overall National Structure of the Financing of Continuing Vocational Training*

The experimental project Job-rotation uses the Initiative of the European Community ADAPT for the continuing vocational training of employees of small and medium-sized enterprises (KMU), who are freed from work to participate in qualification measures. During this period and beyond, unemployed persons work as replacement persons in enterprises participating in the model. The project aids not only human resources development in small and medium sized enterprises but also the (re)integration of unemployed persons. A coordination institute, a part of the SPI Service Gesellschaft in Berlin, is responsible for the organisation of the experimental project. The term of the project is three years (1 March 1996 until 28 February 1999).

The content of the experimental project Job-rotation is based on the experience with replacement regulations in Denmark. The basic legal requirements permit more variation and secures the replacement persons a salary for the period he works in the enterprise. In Germany, the combination of continuing vocational training for the unemployed and for the employed is new and requires a combination of very different financing instruments.

The costs for further training for the unemployed, who are working as replacements in the experimental project participating firms, are financed by the advanced training and retraining resources of the Federal Labour Office. The replacement persons also receive maintenance from the labour offices. Enterprise do not have to provide financing for the replacement. Persons exempted from employment to participate in continuing vocational training keep their status as employees as well as their salary. The continuing vocational training in which they participate is financed out of the resources of the Initiative of the European Community ADAPT. The Berlin ADAPT-project Job-rotation is co-financed by the Berlin Senate.

### B *Quantitative description*

*Financing Levels*

The ADAPT-project Job-rotation is initially operational for three years (1 March 1996 till 28 February 1999) and receives for this period ADAPT-resources including co-financed resources. The approved total sum amounts to DM 3,493,252 DM, of which DM 1,123,482 (597,596.81 ECU, 1 ECU = DM 1.88) are resources from the Berlin Senate and DM 2,369,770 (ECU 1,260,515.96 ECU) are ADAPT-resources from the European Social Fund (ESF). The project applies to East- as well as West-Berlin. Separate applications are handed in since

East Berlin is a goal 1 region and West Berlin is for the most part an goal 2 region, i.e. because subsidies from the ESF are different. In West Berlin (ADAPT West) subsidies amount to 42 %, and in East Berlin (ADAPT East) it is 65 %. Berlin provides co-financing: in the West the Berlin Senate adds 23 % and in the East 22.5 %. The remaining 12.5 % for the East and 35 % for the West are co-financed by private resources. The private resources in the ADAPT-project Job-rotation are the salaries for the exempted employees. Firms which are participating in the model have to show the Job-rotation coordination institute documents showing the sum of the salaries they paid for persons exempted from employment for continuing vocational training. In addition to the granted financing volumes of DM 3,493,252 the private resources and the funds of the Federal Labour Office for qualification and replacement are to be taken into account.

*Total Number of the Participants*

We normally assume the 'one-to-one' principle, that is to say, for the replacement of one unemployed in an enterprise, only one employee will be exempted for continuing vocational training. Only in a few cases an enterprise will replace 2 employees during the exemption period. At the moment, we are planning to qualify in the next three years approx. 120 employees and 100 replaced unemployed.

*Spectrum of Promotional Measures and Quantitative Changes over Time*

For two target groups the promotional measures will be realised:

A. For the unemployed:

Practical advanced vocational training measures (BPF): These BPF- measures are an instrument of the Employment Promotion Act (AFG = Employment Promotion Act) for the further training and retraining (FuU) of unemployed. We will use the BPF for the qualification as well as for the replacement. In the experimental period we will realise in co-operation with different training institutions approx. 6 one year BPF-measures (in November and December 96 the first measures will start). Originally fewer BPF-measures were envisaged, because we thought that the small and medium-sized enterprises would use the replacement for the exemption and qualification of 2 employees in the normal case. However, we have changed our concept after intense discussions with the participating small and medium-sized enterprises.

We are now planning for the selection of the participants of the BPF-measures to use a vocational guidance interview along the lines of § 53 of the Employment Promotion Act. Unfortunately the employment offices, where we applied for the BPF-measures in this year, did not have any more financial resources. The information and choice of the participants was achieved by information meetings or seminars for career planning, which the Job-rotation coor-

dinating body organised in cooperation with training institutes, employment offices and small and medium-sized enterprises.

B. For the employees:
For continuing vocational training for employees the coordination institute has at their disposal financial resources from the ADAPT-project for 6 three month full-time measures with 20 participants each. We are thinking about introducing a six month part-time measure instead of three months full-time.

We are providing for the unemployed as well as for the employed the participation in transnational exchange measures as a part of continuing vocational training.

## C History of the Model

Job-rotation projects and Job switch regulations exist for several years now, not only in Scandinavian countries. Some basic approaches also existing in Germany. Large-scale enterprises are using e.g. in-company Job-rotation as an instrument for human resources development. In these cases employees are changing for a limited period of time their working places. Rotation between the employed and unemployed – as in the in the ADAPT-project – is indeed new for Germany. Experiences with job switch regulations are of course also very different in Germany: experiences from persons who are using infant care leave measures, their re-placements and the employers. The idea to use a vocational pause for qualification is also not new. However, this is new in combination with the qualification for the unemployed, female reentrants and employees.

The experimental project Job-rotation originated in the joining together of different target groups, training providers and financing models. An important contribution to its founding were discussions on working time models. Qualification for employees does not take place outside the regular working time, but presupposes the readiness of employers to exempt their employees for qualification and, during this period, to employ before and after qualified unemployed as a replacement. It enables in particular persons with family tasks, who often do not have spare time for their own training, to participate in continuing vocational training during working time.

In addition to this, the Berlin discussion of job switch regulations in Denmark and Sweden played an important role in the conception of the ADAPT-project. In the starting and application period, the support of Berlin politicians as well as the cooperation with Danish organisations – especially the EU Job-rotation – were extremely helpful and useful.

Developments and changes in the experimental project are regularly documented and evaluated by the SPI-Job-rotation-coordination body. In addition

to this, since 1.10.96 the German Institute for Economic Research (DIW) scientifically accompanies the SPI Job-rotation project.

The doubling of the BPF for the unemployed – from originally 3 to 6, (normally 'one-to-one'-measures will be used – see the aforementioned remarks) – are an essential change already in the first phase (1.03.96 till 31.08.96) of the ADAPT-project. This change also means that more than the originally planned approximately 60 small and medium sized enterprises, up to 100 to 120 firms, will be able to participate in the experimental project. For the first phase the coordination institute has produced an interim report. The first experiences and results can be to summarised as follows:

- A precondition for the successful start of the ADAPT-project Job-rotation is a broadly structured, large internal and external acceptance by politicians, by the administrations and associations and of course by the representatives of small and mediumsized enterprises.
- Public relations work has a high priority:
- articles in daily papers, trade journals;
- participation in congresses, conferences and workshops;
- presentations to associations and working groups.
- Small and medium-sized enterprises should be addressed as directly as possible, which demands a variety of personal capacities. Small and medium-sized enterprises are interested in the jobrotation-method; however, intensive individual attention is needed.
- The Federal Employment Service and the institutions responsible for qualification measures should be integrated and 'convinced' very early.
- Transnational partnerships can support the own project development in many different ways.
- Regional and national discussions are necessary and supporting in the phase of the project development and project realisation.

## *D Targets of Financing*

The most important financing goals of the ADAPT-project Job-rotation are the advanced training of the employed in the sense of a future-oriented human resources development and the integration of the unemployed, in particular the long-term unemployed and female reentrants.

The purpose of the European Community Initiative ADAPT is to introduce and propagate the job rotation method in Germany. The aim is to continue the experimental project after the initial three year period with ADAPT and other national as well as specific federal-state resources in order to introduce corresponding regulations in national and federal state programs.

## E Financiers of Continuing Vocational Training

The experimental project is possible because of the linkage between different financing instruments (see above). The coordination institute, the qualification of the employed and the transnational activities are financed out of the ADAPT-resources for West- and East Berlin and supplemented by additional funds of the Berlin Senate. The employees retain their salaries during the exemption period from their employer. The exemption does not change their legal status as an employee.

The qualification of the unemployed and their practical work or their replacement work is financed out of the advanced training resources of the Federal Labour Office. These funds do not serve as co-financing for the ADAPT-project, so that here also other financiers are imaginable. Therefore qualification and the replacement could be financed e.g. by the Senate.

## F Target groups for promotional measures

The target groups are on the one hand the employed (and thus their employer) and on the other hand the unemployed, in particular the longterm unemployed and women reentrants. Small and medium-sized enterprises participating in the experimental project are not allowed in accordance with the regulations of the German Operational Program of ADAPT to have more than 500 employees. Vocational training measures initiated by the coordination institute are firstly directed to employees and unemployed with commercial qualifications and professional experiences, who are working or wish to work in the administration of craft or small and medium-sized industrial enterprises in Berlin (West and East). They must reside in Berlin. In the project there are also measures for persons out of other professions or with other qualifications, i.e. from the printing industry or for unemployed graduates from post-secondary colleges and universities.

## G Benefits of the Financing Models for Participants

*Benefits for the Participants*

The aforementioned target groups of the experimental project benefit from their participation in their personal as well as their professional development and raise through the broadening of their qualifications and knowledge their labour market chances. It enables the unemployed to improve the possibilities for return to work. Employees secure their job through their own continuing vocational training. In the case of possible staff reduction they are not the first to be fired and have in addition more possibilities on the general labour market.

*Benefits for the enterprise*

Employers conserve by participation in the experimental project on the one hand well qualified colleagues and on the other hand motivated replacements. The benefits for the small and medium-sized enterprises are however much more significant:

- support for human resources development and increase in the motivation and work-performance of the employees,
- enterprise oriented qualifications for the safeguarding and improvement of competitiveness,
- additional employees for at least 6 months – without any expenses for the enterprise,
- reduction of costs caused by loss of employees through replacement,
- get to know future employees,
- omission of time consuming selection of employees,
- possibility to take part in transnational exchanges in order to the get to know new partners and to develop markets,
- information, advice and support by the coordination institute,
- increase in prestige because of the participation in the experimental project.

*Benefits for the public authorities*

Benefiting from the experimental project are as follows: the employment agencies are benefiting from the experimental project, because they get to know new methods of reintegration, the training institutions, which in cooperation with the coordination institute organises the vocational training measures for the unemployed and for the employed and the participating institutions, associations and administrations because of the content, financial and personal broadening and improvement of image.

For the Federal Employment Service and the unemployed the following beneficiary aspects should be mentioned:

- An existing regulation in the sector FuU is used intensively and renders possible for the unemployed not only to obtain normal work, but also to acquire intensive vocational experiences in a small and medium-sized enterprise.
- The unemployed have the possibility in the approximately six months of work and exemption phase to get to know intensively a future employer, enterprise structures and colleagues.
- The unemployed can use the BPF to get a broad impression of desirable work.
- The employment agencies receive through their participation in the experimental project further access to enterprises and are in addition participating in preventive measures of the labour market policy (because further training for the employed helps keep them away from (possible) unemployment).

- The employment offices and unemployed can profit from the transnational activities of the coordination institute and can make use of the experiences and know-how exchange of the experts and replacements.

### H *Actors and Participating Decision Makers*

The most important customers and cooperation partners on regional level are:
- employees and unemployed,
- small and medium-sized enterprises,
- associations of industry and crafts,
- administration of the Berlin Senate and Berlin districts,
- employment agencies,
- continuing vocational training institutes,
- scientific institutes,
- other projects and information centres,
- the media.

On the national and transnational level:
- the national supporting institution ADAPT of the Federal Employment Service,
- scientific institutes,
- national and transnational ADAPT-Partners,
- ministries,
- national associations,
- the European Commission (General Directorate V) and the European Parliament.

The cooperation partners listed here are supporting the project realisation and its development in very different ways. They are integrated through workshops, which the coordination institute organises, as well as regular working groups and the project supervisory council. The manifold cooperations are supporting the coordination institute in the development, implementation and evaluation of job rotation measures and are relevant for the continuation of the project after the experimental period ends.

### I *Global steering instruments*

ADAPT comprises four interrelated aims:
1. accelerated adaptation of the employee to the industrial change
2. increase of the competitiveness of industry, commerce and service industries
3. reform of qualifications, increased flexibility and mobility for the avoidance of unemployment

123

4. anticipation and acceleration in the creation of new employment and new activities, in particular in small and medium sized enterprises

Since SPI Job-rotation is co-financed by the Berlin Senate, it also has to follow the essential requirements of the Berlin feasibility study for goal 4 and ADAPT-projects, that is to say to strengthen the factor labour for the economic position of Berlin. In charge of goal 4 and the ADAPT- projects in Berlin is a specially founded project team 'Perspectives on Enterprise Based Work', which is based at the Senate 'Administration for Work, Vocational Training and Women'. The project team advises, approves, administers and accompanies the projects.

As the Federal Employment Service is only indirect participating to the ADAPT-project because of their competencies for the BPF, she cannot control the coordination institute. All the same a close cooperation is now urgently needed, because the BPF is financed out of the Employment Promotion Act.

In addition to this, the SPI Service Gesellschaft responsible for the ADAPT-project has a certain allocative function. This means that the project Job-rotation is integrated into the other EU-activities of the Service Gesellschaft, e.g. it works close together with the experimental projects of goal ZIEL (mediation out of employment measures) and JOBTRANSFER (advice on structural change and employment).

## *J Comprehensive Assessment*

The SPI experimental project Job-rotation is already after a half a year well known in the region and nationally. In November and December 1996 the first BPF-measures for the unemployed started and in the early summer 1997 the vocational training measures for the employed began. To what degree these measures will be successful is not possible to say at the moment (October 1996). However it is clear that small and medium-sized enterprises, which are usually not very much in contact with the labour market, are very interested in the experimental project. A sufficient number of small and medium-sized enterprises are willing to collaborate.

On the basis of many inquiries from the other federal states, the coordination institute will organise on the 12.12.96 a national workshop on job-rotation. The central themes for these workshops are on the one hand the experience of the SPI coordination institute with job-rotation and on the other hand the possibilities of transfers into the other federal states. In North-Rhine-Westphalia a further ADAPT-project job-rotation, which took ours as an example, has applied for funding.

Already now is it necessary discuss the perspectives for further financing and thus about changing labour market programmes. Transnational cooperation is of great use, since job-rotation measures are realised e.g. in Denmark for

6 years now. In Austria there is a public discussion about the integration of regulations for job-rotation measures in employment law. In the context of the ADAPT-project we now have 10 transnational partners out 9 European countries and we see an intense exchange of experiences over the border. We note that this contributes very decisively to the further development of the project Job-rotation as well as the financing instruments and models.

# 2. Denmark

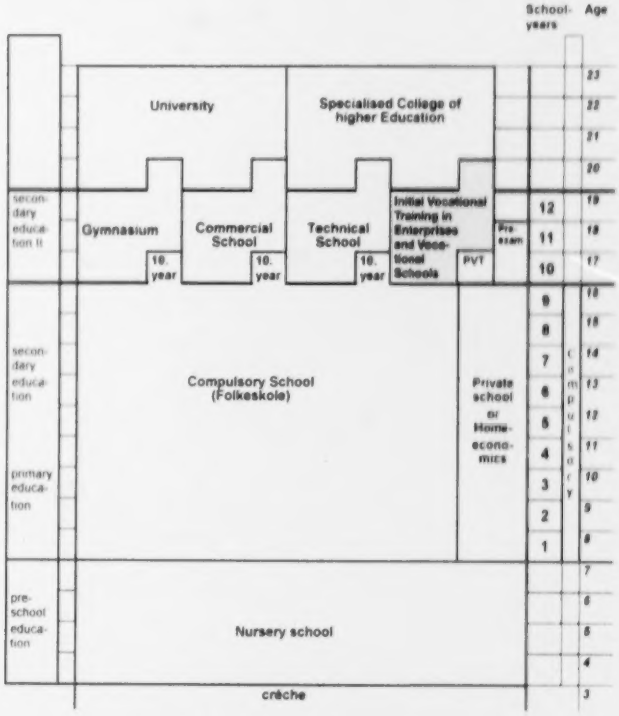
## 2.1 Description of the National Financing System of CVT and FTU in Denmark (K. Olesen)

### 2.1.1 The Initial Vocational Training System

*Qualification Structure of Employees*

About 50 % of the Danish labour force has not completed a formal professional training course (with a diploma). There is a pronounced lack of adequate professional qualifications, particularly amongst the unemployed and amongst those employed in agriculture, transport and other private service industries. By contrast, the level of training is high in the public sector. But in general a very high proportion of the labour force – 2.8 million in total, of which 1.3 are women, and 330,000 unemployed – have inadequate vocational qualifications.

**Scheme 10: Overview of the Danish Educational System**



The aim of the existing public continuing training system is first and foremost to achieve a labour force which is qualified at a technical/professional level. However, developments in the business sector indicate to an increasing extent that professional expertise and professional qualifications are not sufficient to ensure success in the labour market. Personal attitudes and qualifications, such as adaptability to systems, problem-solving skills, flexibility and ability to cooperate are becoming increasingly important.

### *The Place of CVT in the Educational System and the Legal Foundation*

Public continuing and further vocational training under the auspices of the Ministry of Labour and the Ministry of Education includes the following types:

- Courses giving formal qualifications for semi-skilled, skilled workers and middle management: the labour market training system (AMU) under the Ministry of Labour.
- Continuing technical courses providing formal qualifications, updating or upgrading of basic vocational education (apprendiceship/alternance based education.
- Intermediate level technical and commercial courses providing qualifications, with part-time studies under the Open Education Act; the Ministry of Education.
- Open Education Act under the Ministry of Education.

Privately run continuing vocational training may be categorised under the following main headings:

- In-service courses representing 10-15 % of all continuing training activities, which are conducted in the individual large companies or public bodies for their own employees.
- Continuing training activities, offered by private course organisers, including consultant firms, trade unions and employers' organisations – trade associations etc. Represent approx. 10 % of all continuing training activities. The activities vary greatly – often arranged as 1-3-day open courses, offered according to demand in the market.
- Suppliers' courses: This type of course is often provided in conjunction with the acquisition by a business of new technology/new equipment and according to the needs of the individual business. Approx. 40 % of businesses use this type of course.

Over and above continuing vocational education and training there is the general adult education system. Two types may be identified:

- adult education leading to general qualification (general school leave certificate, 9-10 grade level for adults (AVU) college and gymnasium level), together organised by the VUC, run by the countries

- adult education not leading to any formal vocational qualification (leisure-time education).

**Scheme 11: Overview of the Danish continuing vocational training system**

| Continuing vocational education | | |
|---|---|---|
| Ministry of Labour | Ministry of Education | Private continuing training |
| Continuing training of skilled workers, technicians and middle management | Further technical training | In-service courses |
| Training of semi-skilled workers | Intermediate technical training: part-time studies | Private course providers |
| Training and retraining of unemployed | Courses under Open Education | Suppliers' courses |
| | General Adult Education | |

## 2.1.2 Structure of the Continuing Vocational Training System

The are two types of continuing training in Denmark, based on legislation both from the Ministry of Labour and from the Ministry of Education. The Ministry of Labour is responsible for the continuing training of semi-skilled and skilled workers and others. The Labour Market Training Act, passed in 1985, regulates training activities here and constitutes its legal footing.

In 1985 the Ministry of Education passed the Law on Continuing Training which was followed up by the Law on Open Education in 1989. In 1993 both were subsumed under the new Open Education Act, and since January 1994 only the Law on Open Education is in force.

The are considerable differences in these two sets of CVT laws:

- the role of the social partners is different and strongest within labour market training,
- the financing mechanisms are different,
- access to and conditions of participation vary,
- target groups are different,
- financial support of participants varies.

*The Ministry of Labour*

An important element of the overall Danish system of vocational training is semi-skilled workers' training. A very large proportion of workers in industry has no apprenticeship experience.

In 1985 the Danish Parliament passed a newly revised Labour Market Training Act. The aims of the Act are to alleviate the reorganisation and adaptation problems in the labour market by employment-policy-based measures. Teaching takes place mainly in AMU centres. The AMU system is based on very close cooperation between the social partners and the state.

With the Ministry of Education 1985 Employment Training Act an overall framework was created for vocational training which has a specific, employment policy aim: Semi-skilled workers' training – skilled workers' training – retraining – and vocational introduction courses .

A modification of the 1985 Labour Market Training Act was implemented in 1994 in order to support a more flexible educational effort. Here the distinction between -programmes and separate steering structures for skilled and semi-skilled workers has been removed. A coherent CVT system has been created, and vocational schools and AMU centres are now functioning under the same set of rules making it much easier to cooperate and compete.

The aim of continuing training is to maintain, develop and improve the qualifications of skilled workers. The task of the AMU system is to guarantee that the training on offer corresponds at any particular time to the needs of companies, individuals and the community in general. The objective is to give workers access to shortterm courses which will enable them to keep up to date with their vocational speciality and to extend their qualifications.

The target group includes both the employed and the unemployed – in 1990 more than 30% of participants were unemployed. Training programmes are available to all persons over 18 years of age who are seeking an occupation in the branches or sectors concerned.

Participants receive remuneration equivalent to the top amount allocated by the unemployment fund to which they have applied or would be eligible to apply.

*The Ministry of Education*

The Open Education Act of 1993 is geared towards adult vocational education and training and aims to broaden the individual's opportunity for improving his or her vocational qualifications, through personal leisure-time effort; that is to say that it focuses primarily on direct vocational training.

The Law covers a broad educational field which was previously regulated by two different laws. New and broader target groups can now participate in

open education. An important aim is the ambition to further the educational possibilities for those who want to take part in courses also during normal working hours.

Training programmes are normally offered in modules, so that a candidate may participate in just those courses which he or she needs. There is an element of flexible training periods, allowing the participants to piece together their own individual study programmes and to study at their own pace. Teaching normally takes place in leisure time, allowing participants to keep their ordinary job. Courses can also be offered as full-time studies for up to one year to allow individuals on educational leave to make full use of the offer.

A significant change in the Danish training system allows each individual access to enrollment for examinations in all subjects, including programmes covered by the Open Education Act. Those pursuing studies independently must of course pay their own examination fees.

Initially, a range of already well-known courses have been included under the Open Education Act. These are data processing, commercial and technical courses; commercial college courses leading to centrally controlled single subject exams; individual technical college subjects; diploma in market economy studies (HD); diploma in commercial studies (ED); and single-language corespondent's training. In 1992, there were approximately 160,000 students in these courses which were immediately included under the Act.

In principle, all subjects which are offered in full-time courses can also be offered as individual subjects on a parttime basis. And the Ministry of Education has now started to ensure that open education programmes are available within the existing fulltime range. Annual assessments will be made of which subjects should be offered individually, and by which establishments. Open University trials have been abandoned, and have now been replaced by the provisions of the Open Education Act. Thus it will also be possible to arrange complete university courses on a part-time and leisure-time basis.

The Act provides for the institutions which offer open and adult training programmes to receive a fixed grant per whole-year student, and can claim in addition a user-contribution equivalent to 20% of the cost.

The Open Education Act is an important innovation in Danish education policies and will in future be a central element in adult vocational training. At the same time it is a cheaper version, in that the training programmes are cheaper than the costs of normal students. This is partly because teaching takes place at times when buildings and equipment would otherwise not be used; partly because of the element of part-time courses based on leisure-time study, which means that the training does not elicit contributions from the State Education Fund, but is based on the candidate's normal income; and partly because training programmes under the Open Education Act involve user-payment of 20% of actual costs.

The Act is expected to stimulate pedagogical innovations in the form of increased "modularisation" of training programmes available, together with an increased emphasis on distance learning, so that obstacles of place and time can be removed.

The educational institutions will be free to make open education available within the entire spectrum of the courses that they offer. AMU centres – that will offer Ministry of Education approved vocational training programmes – may now offer such open education.

*The VUS scheme of 1989*

The legislation regarding adult training grants for short-term training has been in force since October 1989. It aims to improve the level of qualifications of the labour force, particularly the level of general proficiency. Under the scheme, those in employment can be released for participation in courses of their own choice, if they have only short-term training or none at all.

Under the scheme those in employment are enabled to attend training for 1-16 weeks within a 2-year period. The scheme can be supplemented under the provision of the Job Offer Scheme (ATB), so that if an employee is on training leave under VUS, the company can bring in a long-term unemployed person and be subsidised.

The scheme, which is financed out of taxes, covers both the public and the private sectors. The grant paid to the trainee is equivalent to the maximum benefit payment, which the employee can supplement in order to reach the full salary level (approx. DM 2.700 a month in 1995).

The aim of VUS – and other leave schemes – is partly to encourage job rotation, and partly to improve the general level of training. The scheme, which has clearly been successful, is administered by the Ministry of Education. The AF headquarters (public employment agencies) must ensure that employees are admitted to a course, and that a replacement who is entitled to benefit is found, a task with which the AF can help.

## *Tripartite Cooperation on CVT*

Denmark has a long tradition for the labour market parties to be actively involved in CVT (Continuing Vocational Training). This is also true with regard to the AMU-system, which clearly offers the most within CVT in Denmark.

The organisations play a decisive role, especially with regard to giving priority to CVT within specific areas and to the preparation of the content of the training and the development of new courses. In contrast, the establishment of the framework of grants for the whole vocational training effort and the administration of the AMU-system is under public management.

*Collective labour agreements on CVT*

For many employer organisations and trade unions, the main result of the collective labour agreements in 1991 was reached in the field of training and education. In some areas of collective labour agreements special agreements regarding training and education were made.

But at this stage, it is important to emphasise that these training agreements do not cover all employees. The training agreements are only valid for some occupational groups, especially for the semi-skilled and skilled workers in the private sector.

Regarding the collective labour agreements which already include specific training clauses, an estimate by the Danish Federation of Trade Unions (LO) states that 700,000 to 1 million employees in the private sector are entitled to one week of relevant technical training a year. This figure is to be compared with the total work force in Denmark of 2.9 million.

Due to the fact that the agreements are relatively new, nobody in Denmark has a complete picture of the number of collective labour agreements including training agreements, neither on national level nor on enterprise level. The training agreements on enterprise level are very import-ant, because they ensure to a large extent that the right to one week of training a year becomes more than a right; they ensure that this right will be used.

In an attempt to get a comprehensive view of the amount of collective labour agreement areas which include training agreements, we contacted all employers' organisations and all trade unions in Denmark – approx. 270 organisations – to in-quire whether or not special training agreements are included in their collective labour agreements. The percentage responding was not very high – approx. 20% – but the responses and material made by others can give us a comprehensive view of the main structure and content of the training agreements (but not of the amount of training agreements).

In the following it is our intention to give a general description of the content of the training agreements based on collective labour agreements.

Employers and employees agreed on the right of the employees to have a certain minimum of CVT a year, typically one week. Furthermore, they agreed to establish training funds for the collective labour agreement areas in question. For most areas, DKR 0.03 to 0.14 per working hour are transferred to these training funds.

It is not the intention that the training funds are to finance the training of every single employee; they are to support the necessary development projects in order to ensure that the training courses of each sector are adequate and that the content of the training courses match the skills needed on the labour market.

In general, three characteristics can be drawn from the training agreements en-tered into on national level:

- The leave rights for CVT,

- Planning of CVT in the enterprise,
- Financing, training funds, etc.

*Leave Rights for CVT*

As mentioned above, by now 700,000 to 1 million employees have the right to one or two weeks a year of training leave when the courses to be followed have a relevant technical content in the opinion of their employer. In that light, the main challenge of the organisations are to encourage enterprises and employees to make use of that right and the possibilities it offers.

Another question related to the one or two weeks of training is the question of whether such an amount of training is enough to eliminate possible gaps between the employees' actual skills and the skills needed by the enterprises or on a broader labour market. To ensure that the training does in fact support eliminations any possible gaps, the individual enterprise should take part in arranging additional training for its employees.

The Danish Federation of Trade Unions (LO) believes that many enterprises, before daring to start the work of implementing new training schemes in their own enterprises, bide their time to see what experiences other enterprises make in the field of arranging training schemes and carrying these schemes through. In consequence, the trade unions see it as a task to disseminate the results and experiences of enterprises which have already set up training schemes and carried them out.

This is the reason why the Danish Federation of Trade Unions (LO) and the Danish Employers' Confederation (DA) see it as a cammon interest to inform employers as well as employees about the possibilities offered by the new training agreements and about the public subsidies for financing these training agreements. Furthermore, it is seen as a main objective to provide the necessary information on how to plan training schemes and to qualify both employers and employees on issues within human resources development.

Examples from enterprise level show that it has been possible to expand the right to one week of training a year so that an employee may receive up to e.g. 16 weeks of training. However, the examples of expanding the duration of the training are based on a series of conditions:

- A guarantee of public subsidies as regards wage repayment,
- an agreement on the content of the training which can be accepted by both employers and employees,
- Consideration for the planning of production.

*CVT Planning in the Enterprise*

For the areas covered by collective labour agreements which include training agreements, it is important to notice that the employers as well as the employ-

ees are obliged to initiate negotiations for a systematic training scheme for the enterprise, should one of the parties so desire. Training efforts and questions about priorities are to be discussed by the management and the employees of the individual enterprise.

Whether the rights of the collective labour agreements will be used or not depends on the dissemination of experiences from other enterprises In addition, it depends on the educational efforts made by employers' organisations and trade unions in order to qualify management and shop stewards to work on issues within human resources development in the training committees.

At the same time, the degree of practical use of the training agreements depends on an increasing interplay/cooperation between enterprises and local training institutions in order to strengthen the planning of CVT at both the enterprises and the training institutions. Therefore, the labour market parties will try to encourage enterprises and training institutions to cooperate by means of their representation on the governing bodies of the training institutions.

Today, several training institutions consult the enterprises in matters concerning the planning of training, which is probably a result of the efforts of the labour market parties. The consulting consists mostly of either carrying out the planning of training for the enterprise or in advising the enterprises on how to carry out the planning of training themselves.

*Financing*

The result of the collective labour agreements in 1991, as regards financing, was the establishment of a number of central training funds. These funds are mainly used for pilot and development activities. They do not have enough resources to initiate new training activities or to increase the actual supply of training courses.

The enterprises can get financial support to increase their training efforts, e.g. by using the so-called 'job switching' model. Today, an ever increasing number of enterprises (and municipal institutions) have entered into agreements enabling them to train and educate their employees by substituting them during their absence with unemployed persons who carry out the jobs in question.

For the enterprise, this model entails good financial support when initiating a major training/educational effort. For the employees, the model entails the possibility to increase their actual skills or to acquire new skills. For the unemployed, the model entails increased work experience and increased possibilities of getting a job at the enterprise when the enterprise recruits new employees.

*Training Funds*

From the mid-1970s and onward, special education funds were established within a number of collective bargaining areas. These funds were mainly used for experimental and developmental activities, and they were only to a limited ex-

tent used for financing wage compensations in connection with participation of an employee in CVT. However, one can, as a rule, find financial support for the development of courses and CVT activities which are not covered by the ordinary public system for further vocational training.

The training funds are usually directed towards efforts within the development of new training forms, support for the establishment of common courses and conferences for representatives of employees and employers concerning analyses of qualification needs and future CVT needs, as well as towards financing study trips abroad.

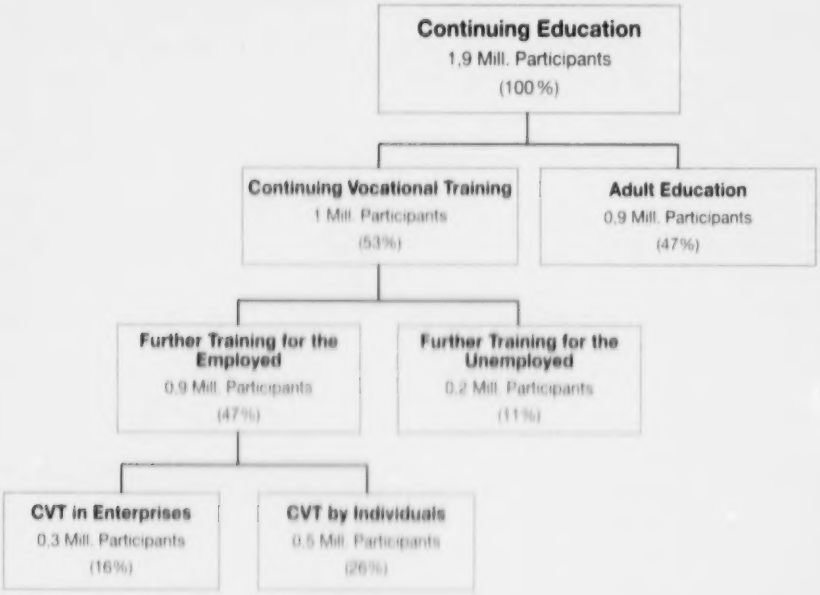
Within the public sector, which employs approx. 850,000 persons, the collective labour agreements on CVT do not include clauses that entitle the employees to a certain amount of CVT. The collective labour agreements within the public sector include agreements in which the social partners intend to support and encourage the primary actors in the local institutions with regard to CVT issues.

### 2.1.3 Quantitative Overview of Continuing Vocational Training

*Sources of Data and Information*

Several studies and surveys have been conducted in recent years. The political interest in training and education for adults has required an adequate information platform. Denmark also took part in the European study on CVT initiated under the Force-programme, coordinated by Eurostat. The main information is based on national initiated studies published by the Ministry of Finance.

**Scheme 12: Participants of Continuing Education in Denmark**




## *Suppliers/Training Providers*

*The provision of continuing vocational training*

Continuing vocational training in Denmark is to a large extent publicly-funded and provided. Adult and further education is under the control of two ministries: the Ministry of Labour and the Ministry of Education. This chapter will concentrate on the courses provided by the Ministry of Labour, the Ministry of Education and private bodies such as trade unions, professional associations, trade and industry.

*Categories of providers*

Providers of continuing vocational training can be subdivided into public institutions, trade unions, various federations, professional associations and finally, private institutions.

*Educational institutions*

CVT activities can be offered partly as government-paid courses (free of charge) and partly with the rules of VTP and IDV courses.

VTP-courses: User-adapted courses paid for in part by the user-company.

IDV-courses: Funded by tuition fees.
In addition to the traditional fixed-syllabus courses offered by the AMU system, both AMU-centres and technical colleges offer these relatively new courses.

*AMU centres – Labour market training centres*
24 AMU centres offer labour market training courses to semi-skilled workers, skilled workers, foremen/supervisors/technicians, and unemployed persons as well as courses introducing young people to the labour market. The training courses are regulated by the law of 1985 concerning labour market training and are based upon a very close collaboration between the social partners.

AMU center-courses fall into three main categories:

- Plan courses: these aim at providing basic or advanced education and training opportunities for individuals in need of such training. The courses are composed of modules of one to five weeks' duration. For semi-skilled workers there are some 600 vocational training courses covering 25 sectors. Courses for skilled workers normally take place at the vocational schools (see below). Courses for foremen/supervisors/technicians aim at offering training which will enable them to tackle the challenge of new technology. There are some 290 vocational training programmes covering 18 sectors, mainly technical.
- Enterprise-oriented courses: these supplement the ordinary AMU courses, which are free of charge to enterprises. Courses can be created within the trades and industries where individual companies with special needs may purchase AMU courses specially tailored to suit the needs of the enterprise. The company must pay part of the costs of VTP-courses (enterprise-oriented courses), or the full costs of IDV-courses (self-financed courses).
- Special courses for unemployed people

The local AMU centres are now free to supply courses in response to the needs of companies in a much more flexible and demand-oriented way than before.

*Technical and commercial colleges*
115 technical and commercial colleges provide AMU-courses and other CVT courses for skilled workers and technicians and middle management as well as for the unemployed with vocational education on skilled workers level. Occupational further and continuing training schemes now embrace about 900 different courses within 28 sectors.

Further technical training courses (VTU) are offered at technical colleges and are primarily designed to improve skills within production, planning and construction. The training courses are full-time and generally take 1 to 5 years. The courses are divided into three parts. Admission to the design training course requires two years' professional and theoretical experience and passing an admissions test.

Otherwise, skilled workers from relevant sectors and other qualified applicants can, after passing a special test, be admitted directly to the third part.

*Qualifying part-time courses under the Law on Open Education – offered by technical and commercial colleges*

A number of further education courses, primarily for adults, have been introduced at certain colleges and are organised on a part-time basis for 1-3 years' duration. They have in recent years become very popular, especially as further education for people who have some work experience following basic vocational training.

The most important of these are the technical assistant (B.Tec.) "Teknonom" programme, which is on offer at technical colleges, and the business administrator (B.Com.) "Merkonom" programme, and computer science (B.Tec.) "Datanom" courses offered by commercial colleges.

The courses use the 'modular' system, where the subjects (such as Business Economics and Business Organisation) that are common to several courses are combined with the various specialised modules. These specialised modules may be taken individually or as a complete course, as desired.

Continuing vocational training courses for skilled workers, middle management and top management (with a higher education) can be held at technological institutes, for example at the Danish Technological Institute, which has five regional centres and technological service centres all over the country.

*Trade unions*

Trade unions attach great importance to further and continuing training. Generally the unions want to increase the provision of further and continuing training within the AMU structure. Since 1974 the Danish Federation of Trade Unions (LO) has advocated the introduction of a system known as Paid Leave for Education (BFU). By choosing an appropriate 6 months training programme, LO members will have the opportunity for improving their skills and qualifications.

Some of the ideas for the BFU proposal have been given practical substance in the 1989 Adult Education Scheme (VUS).

The unions subscribe to the view that the labour force, in order to be flexible, needs to have broad, transferable qualifications. The AMU system is viewed very favourably and, like the employers, the unions are supporter of a system of self-management, since the social partners have decisive influence on the provision of training courses within the system.

Concurrently with its involvement in the AMU system, LO has established its own, internal training programme (FIU) to teach shop stewards and trade union officials relevant job skills. Following collective labour agreements, the FIU is largely financed by employers.

The unions are also in favour of further and continuing training being included in the agenda under collective bargaining, but do not wish the present system to be abandoned. Through collective bargaining the unions wish to ensure their members' rights to further and continuing training; to establish funds for financing further and continuing training activities; and to create a forum where employers and workers can meet to identify qualification requirements and formulate training strategies.

The major objective of the workers organisations' continuing training activities is to ensure that their member-representatives are qualified in trade union politics and relevant spheres of interest. In addition, a number of them work with training schemes providing occupational qualifications with a view to strengthening their members' position on the labour market. These courses are offered on the open market. The most well known courses are the HK data modules (with close ties to the Unions of Commercial and Clerical Employees, HK) and Techcare (with close ties to the Danish Union of Technicians, TL).

*Danish employers' associations*

The employers are convinced of the importance of further and continuing training, and the Confederation of Danish Employers' Associations (DA) has developed its own management training system. Training programmes are viewed as an investment for the company – but also for the individual. DA believes that the individual employee should also contribute to this investment, either by paying some or all of the expenses, or by holding part or all of the course outside working hours. DA is thus in favour of some degree of user-payment being introduced in the system. In addition to their participation in the management and influence on the AMU system, DA is proposing certain changes with respect to financing in order to give market forces greater influence on the provision of courses. Therein lies an implicit criticism of the present AMU courses that fail to cater adequately for the needs of middle management, technicians, shop owners, etc.

*Professional associations*

The continuing training programmes offered by professional associations encompass both the union-related and professional interest of a given profession – typically by providing continuing training. Members of these professional associations usually have a higher education, e.g. engineers, dentists, lawyers, doctors, etc.

*The College of Public Administration*

The College of Public Administration (Forvaltningshøjskolen) provides most of the continuing training activities for the public sector. About 30% of the total labour force are employed in the public sector. The College offers further

and continuing training within many different areas that are relevant to public administration and management.

*In-service company, vocational training activities*

In-service, CVT activities are arranged for the individual company's own employees and these are almost always financed by the company itself. The exceptions to this 100% self-financing are when companies use the VTP courses or in-service courses in connection with open education. However, courses must then be open to outside participants).

In-service, vocational training takes many forms ranging from on-the-job training to actual training and teaching in a company's own classrooms or workshops. A number of the country's largest companies have their own conference centres where training programmes are held for employees working in different departments.

No official statistics are kept on this and it is difficult to obtain accurate information from the companies themselves – amongst other things because it is difficult to determine which activities should be considered as employee training. Some relevant activities are therefore not registered at all. When private companies do register relevant training activities the registration methods are often so diverse that it becomes extremely difficult to compile a comprehensive overview. Some companies operate with central education budgets whereas other companies budget training costs connected to investments in machinery and/or equipment.

## *Quantitative Data – Summarised*

In the scheme 13 below, the combined activities and the total consumption of resources for adult and continuing training and education are shown.

*Scheme for inter-company provision of CVT*

It has traditionally been the largest companies that have made use of publicly financed continuing education. It is very difficult for small and medium-sized companies to manage without employees while they attend courses, and their planning horizon is often very limited.

**Scheme 13: Activities and consumption of resources for adult and continuing training and education – public and private, 1993**

| Training and education | Participants (full time) | Operating costs (m. DKK) | Public subsidies (m. DKK) |
|---|---|---|---|
| *Adult and continuing training and education – public* | | | |
| Open education | 21,200 | 350 | 420 |
| Folk high schools | 6,900 | 780 | 120 |
| Adult education centres | 24,500 | 840 | 1,370 |
| Non-residential folk high schools | 6,300 | 320 | 610 |
| Labour market training courses | 14,600 | 1,630 | 1,370 |
| Adults attending further education | 20,000 | 900 | 880 |
| Others | 9,400 | 380 | – |
| *Total* | *102,900* | *5,200* | *4,770* |
| *Adult and continuing training and education – private* | | | |
| In-house courses | 13,900 | 1,6201 | – |
| Privately provided courses | 18,300 | 2,1301 | – |
| Suppliers' courses | 1,900 | 2201 | – |
| *Total* | *34,100* | *3,970* | – |
| *Adult and continuing training and education* | *137,000* | *9,170* | *4,7703* |

1 excluding grants to participants

In order to facilitate the participation of a greater number of company employees in the publicly financed adult training course within the AMU system, the government and various industrial organisations have tried to make AMU courses more flexible than the traditional one-week courses. These initiatives include:

- The possibility of splitting one-week courses into modules of 3+2 days or 2+2+2 days ('split courses') and the possibility of placing the course entirely or partly outside working hours.
- An 'open workshop' model based on the concept of a regular and flexible in-take and outflow of participants – according to the needs of the company, the individual participant's qualifications and ability to adjust (slowly or rapidly) to the goals and contents of each module.

In their work of developing the various sectors, the trade organisations offer courses for both management and employees.

In addition, various initiatives by the Danish Agency for Development of Trade and Industry, the Ministry of Industry, and counties and municipalities have been implemented in order to promote small and medium-sized compa-

nies. Only a minority of these initiatives exclusively target education and/or training, but the upgrading of employees' qualifications has become an element of the various programmes or projects.

Some of the most important initiatives to come from the Danish Agency for Development of Trade and Industry within recent years have, in this connection, been courses on quality and productivity development, the creation of networks for small and medium-sized businesses, the examination of the subcontractor's role in future, and a recently adopted programme concerning knowledge and quality in companies, the aim of which is to make use of the prospective advantages and qualifications unemployed academics could contribute to these small and medium-sized companies.

In connection with the implementation of programmes and initiatives from the Ministry of Industry and the Danish Agency for Development of Trade and Industry, there is one technological information centre (TIC) located in each of Denmark's 25 regional counties.

These public technological information centres also arrange various courses and educational programmes in cooperation with the regional county councils, which are often subsidised by the EC regional development fund.

As an example, 80 companies have since the mid 1980s availed themselves of the so-called MVU programme ('My Company's Development'). This programme addresses itself to managers of small and medium sized businesses. The programme runs over a period of 14 to 16 months, during which time the managers participate in 10 to 14 two-day seminars with the specific objective of examining each company's special problems and challenges. Between these seminars a sparring partner from a TIC is attached to the company.

Together with the sparring partner, the company manager, and possibly a number of employee representatives can work e.g. on the following:

- a description of the company's current situation followed by a rough diagnosis,
- preparing a new business concept,
- making a strategic plan of action.

Many of the initiatives taken in the counties and municipalities originate either from the TIC's, from the counties' and municipalities' business advisory departments or councils. They nearly all focus on networking, erfagroups (experience exchange groups) and growth groups where education and upgrading of qualifications play an important role.

These growth groups can be trade groups with special trade-related objectives or groups working on intertrade related themes. The objective of the growth groups is to increase employment in small and medium-sized companies. Counties and municipalities partially finance the groups' work, on condition that the companies involved are to a large extent self-financing.

*Provision of CVT for the under-qualified*

As described earlier there is a long tradition in Denmark to offer unskilled and semi-skilled workers AMU-courses to upgrade their skills to match the needs of technological development. Since 1960 it has been the function of the AMU system continuously to keep the labour force well-trained and educated. Training is offered both to persons already in employment and to unemployed persons. This adult vocational training is in Denmark considered to be also a public responsibility.

In many other countries the training of people who are already in employment is considered to be solely the employers' responsibility, while the public authorities offer training only to the unemployed, the handicapped, and other disadvantages groups in the labour market.

The term 'underqualified' is broader than just the group of unemployed. It also includes people lacking skills, having worn-out skills, or people in need of retraining. Those training activities are described in other parts of the report. Here only a description of CVT activities for the unemployed will be presented.

*Training offers for the unemployed*

It is difficult to give a complete picture of the many initiatives that have been introduced in recent years in Denmark to activate the unemployed. Virtually all legislation has been changed since 1989 and the various initiatives have been placed under different ministries.

Measures for activating the unemployed young, the most vulnerable groups, and the non-insured unemployed are primarily regulated by legislation from the Ministries of Social Affairs and Labour. In this area, especially, there is much activity: job centres and employment initiatives have now been placed with the local authorities.

In January 1989 the Law on Job Offers came into effect. The law consists of two elements: job offers and training offers (ATB/UTB) – with the training offer being given a higher priority under the new law. In 1989-92 a total of DKR 5.4 billion was allocated to combating unemployment. DKR 1.8 billion of this was to be spent on improving education offers.

A number of new vocational adult education courses have been developed as a result of this legislation. The intention of the law is that the unemployed should receive these offers at an early stage of their unemployment and the training offers should include special technical qualifications as well as subjects of general and personal development nature.

In Denmark unemployment insurance benefits are available for 30 months, after which time the unemployed must accept a job offer (ATB) in order to maintain the right to unemployment benefits. In June 1993 a new labour market reform (Act No. 272) was enacted, the main elements of which are 'activation'

and decentralisation of labour market policy. Training offers will from now on be tailored closely to the needs of unemployed individuals. The former obligation to take part in training has been cancelled.

*UTB-training offer*

A training offer normally has a duration of 3-6 months. The purpose is to improve the unemployed person's chances of finding and keeping a job – particularly by means of vocational education and training. The courses are offered within a range of trades and industries. Characteristic for them all is the common aim to give the courses a wide scope so that introduction, vocational guidance, technical and/or professional elements and general, personal development are all integrated in the course. The intention is that the UTB courses should extend beyond narrow professional boundaries – in other words, the focus is on the needs of the unemployed – and therefore the educational institutions must adapt and together design modules that are tailor-made to meet participant needs.

However, developments on the labour market have been unfavourable to these initiatives and hence to the unemployed. The growing rate of unemployment makes it especially difficult for the long-time unemployed to find jobs after UTB courses.

ATB and UTB activities belong under the National Labour Market Authority, which is part of the Ministry of Labour. The control of the UTB is regionalised and placed under the 14 Labour Market Councils that evaluate regional qualification requirements and ensure that the offers from vocational schools, AMU centres and other educational institutions are in accordance with demand. There is much competition between the education institutions for a share of the UTB market. Figures from 1990 indicate that the majority of places have been established at AMU centres, commercial and technical colleges – 65 % in all. Adult education centres (VUC), non-resident folk high schools and others account for 34 % of the places (including 'Inspiration' courses).

. In 1990 the Ministry of Labour implemented an evaluation programme to measure the effect of the job offer scheme (ATB/UTB). The job offer scheme was found to be a contributing factor for 3 out of 10 finding their way out of long-time unemployment. The chances of finding employment are greater after a job offer in the private sector, but more than 80 % of the job offers come from the public sector. Significantly more persons find employment after an education of their own choice than after an education offer (UTB) – 30 % and 13 % respectively. The evaluation also shows that long education courses have a greater effect on the individual's eventually gaining work than short courses. The threshold value appears to be between a half and a whole year.

*Courses for unemployed women*

This is a one-year employment course for adult women. This course is designed to help alleviate the high rate of unemployment among women by giving them a basic, qualifying education.

The syllabus is equivalent to the final examination level from the Folkeskole (secondary school) in Danish and arithmetic, in addition to providing general knowledge in physics, chemistry and foreign languages. Recruiting is done by individual Amu centres together with job centres, union insurance systems and the unions.

*Inspiration courses*

The purpose of these courses is to motivate and inspire participants to become actively involved in their future situation on the labour market. These courses are offered in response to the renewed initiatives to combat long-time unemployment.

*Refugee courses*

The purpose of these courses is to integrate refugees into one or more trades (possible combined with qualifying AMU courses) and hereby to integrate the refugees into Danish society. Furthermore, the intention is also to improve the participants' knowledge of Danish and, if need be, arithmetic and/or natural sciences.

*Long AMU courses (LAMU)*

The purpose of these courses is to improve the ability of the unemployed to keep in touch with the labour market.

Insight into and consideration of unemployed workers' needs, as well as the demand for an educated labour force, are the basic elements of these courses. The courses may be compiled by combining elements taken from the entire range of the normal AMU courses.

Each course, when possible including vocational introduction activities, is organised as a continuous course of 15-16 weeks' duration, so that the average course length will be 20 weeks.

*Regional specifications*

Denmark is a small and homogeneous country with short distances and a good infrastructure. The country is divided into 14 counties and 275 municipalities. The providers of CVT are spread all over the country, so no one will have to travel long to attend CVT activities.

## 2.1.4 Cost and Financing of Continuing Vocational Training

In Denmark about DKR 9.2 billion is spent on continuing vocational training per year, without expenditures for loss of wage repayment and daily benefits. These expenditures are estimated to add up to approx. DKR 4.7 billion, so that the total amount spent per year is approx. DKR 14 billion (2 billion ECU).

These figures must be taken with a grain of salt, as they represent estimates. They are based on new data and computations from the Danish Ministry of Finance which in July 1994 published the "Rapport fra udvalget om voksen- og efteruddannelse". Thus, these figures are the most detailed and precise available at the moment.

Expenses for public continuing vocational training amount to DKR 5.2 million, while privately financed continuing vocational training expenses amount to DKR 4 billion per year. The amount of money spent by private companies, in particular, is extremely difficult to delimitate.

According to these figures, 1.6 per cent of the Danish GDP is spent on CVT. If costs of loss of wage repayment and daily benefits are included, the percentage of GDP adds up to 2.0.

*Sources financing investments in CVT*

The distribution of expenditure in 1993 is, according to the report mentioned above, based on a total expenditure figure of DKR 14,000 million, including loss of wage repayment and daily benefits, as follows:

**Scheme 14: Expenditures in CVT in 1993**

| | | |
|---|---|---|
| State | DKK | 9,000 mill. |
| Enterprises | DKK | 3,000 mill. (estimated) |
| ESF | DKK | 275 mill. |

It is extremely difficult to make a precise delimitation of the total level of CVT in practice. Instead of attempting to make a delimitation of the whole CVT field, the following description takes as its point of departure CVT in the public sector, i.e. existing offers which are presumably of particular interest in an extensive CVT effort with a structural policy objective.

The finance mechanisms and sources of the public CVT activities will be presented from the point of view of the State, the students/participants (including possibilities of getting educational aid), and the demands for co-financing by private companies.

*Financial incentives for investment in CVT by individuals*

Almost all provision of CVT has traditionally been free of charge for the participant. AMU courses are free, and a remuneration is granted (corresponding to daily benefits). In CVT it will normally be the employer who pays the user-fee if the course is to be financed or cofinanced by the user.

During the 1980s this policy of free public provisions of further/continuing education or training has changed, and the principle of user-payment has been introduced. The Law on Open Education and Act No. 271 on CVT (both from the Ministry of Education) were characterised by demands for user-payment, and they left no room for financial support of participants – participants are expected to be employed so there is no need for 'support' during education. In Open Education the participant is required to pay 20% of the total costs.

From all sides in Denmark a need for more CVT and adult education is expressed, but the extension of CVT efforts will have to be financed. The employers' organisation argue that companies and employees themselves must shoulder a bigger part of the burden by user-payment schemes, while the employees' organisation find that so-called 'BFU-schemes' (employer paid leave for education) should be introduced as a legal right. Others argue that the State must finance the expansion of further education and training.

It can reasonably be expected that the expansion will be financed through a combination of greater public expenditure, user-payment by companies, and vocationally oriented CVT as leisure-time studies (unpaid) for employees.

In Denmark there are no tax incentives for individuals to participate in CVT.

The policy to promote individual CVT is based on educational grants for some general adult courses, maintenance allowance for the employed taking part in CVT, remuneration corresponding to maintenance allowance in AMU courses, and the supply of a wealth of CVT offers all over the country.

New legislation has been enacted to support the individual interest in CVT.

The VUS scheme (Adult Education Financing Scheme) was introduced in 1989 in order to enable adult employees with a low educational background to take part in general and vocational education during working hours. The participant has a free choice in defining his needs, and is paid a remuneration corresponding to maintenance allowances. The VUS scheme has clearly been a success: more than 15,000 have taken part since 1989.

Basic vocational education and training courses up to the level of skilled workers have been introduced recently, specially designed for experienced adults, with the intention, potentially, to qualify the more than one million unskilled workers.

A new law on educational leave has just been passed making it possible – as an individual right – for employed individuals for a period of one year to take part in adult, general or vocational training of their own choice, and with a benefit equivalent to 100% of unemployment insurance benefits (approx. DKR 135,000 a year).

Generally, it has been made much easier for individuals to take part in adult education through these measures, but it is not particularly economically attractive for the individual to take part in CVT. Some reduction is income cannot be avoided. The schemes to further CVT seem to be attractive, although participants themselves must also invest in their own learning.

### 2.1.5 The Dynamics of the Tripartite System

In the following chapter the fundamental point of views of the three actors in the tripartite system is analysed. This should give an impression of the dynamics and developments of the whole philosophy and thinking on CVT and FTU.

#### *CVT – Government Provisions*

State intervention in the area of continuing vocational training dates back to the economic and political climate of the 1950s and the early 1960s, when labour market policies played an important role in the overall policy of the Social Democratic Government. In 1960, the Social Democratic Government created the National Labour Market Authority (Arbejdsmarkedsstyrelsen) which was to be responsible for providing CVT for unskilled workers on the labour market in particular. The AMU-system was conceived as a tool for their labour market policy. It was to back and, to some extent, direct industrial development by subsidising industry indirectly through the provision of low-price training courses for its workforce. The AMU-centres were set up at a time when a general shortage of labour and technological development in industry created a demand for semi-skilled labour. Moreover, the initial aim of the AMU-system, which was to upgrade the qualifications of the least qualified and the unskilled workers, thus turning them into more attractive employees, was in perfect accordance with the Social Democratic ideology, and, furthermore, it represented a line on which there was broad consensus at the time.

In 1982, the Social Democratic Government was superseded by a Conservative/Liberal coalition Government, which was – with minor changes in the setup – in power until 1993.

Under the Conservative/Liberal Government comprehensive structural changes have been implemented in the entire education and training system. The changes comprised an extensive legal reform resulting in the comprehensive 1985 Act on the Labour Market Training System. This act was followed by a new reform in January 1994. This reform continued the development of the close cooperation with the social partners. This is reflected in the new central

council, called The Vocational Training Council and the new committees, called the occupational committees set up in the new local structure introduced by the reform.

### *Point of View: The Employers*

The employers generally acknowledge the increasing importance of CVT on a labour market that is characterised by constant technological change and a dwindling number of young people receiving initial training. However, the lack of qualifications in the workforce is not perceived as the main problem in Danish industry. A far greater problem is the high level of costs in Denmark (notably in the form of tax and duties) by which all enterprises are affected. Consequently, new initiatives in the AMU-system financed by an increase in the amounts paid by the employers to CVT through taxes are not to be expected in the near future.

The Danish Employers' Confederation (DA) is of the opinion that some changes should be made to the present system (notably in the area of financing via partial participant payment) and in the mechanisms determining the range, structure and contents of the courses.

Another criticism of the AMU system put forward by the employers is that the range of courses offered – in their view – mostly favours the members of The Danish Federation of Trade Unions (LO), and neglects middle mangers, small tradesmen, and technicians.

The more prominent role which is to be played by local actors in the area of CVT will of course influence the work of the present governing bodies. The Danish Employers' Confederation (DA) sees it as an important task for the present governing bodies to take part in the identification and analysis of present and future qualification needs, as well as in the dialogue between enterprises and training centres which will automatically follow from the deregulation process. This will help the process along on local level, but a joint effort by the social partners is necessary in all sectors, especially in order to analyse the needs in small and medium-sized enterprises, and to develop new models of CVT as a result of the findings.

According to the employers, the policy has up to now been to arrange courses for any need at the moment when is was perceived. This policy is no longer sustainable at a time when the system is under increased pressure, and when enterprises and wage-earners alike have demonstrated strong objections to increased public expenditure financed through taxes. It is not possible to solve the problem by doing 'more of the same thing'; a shift in emphasis is needed and a selection of some kind has to take place. The panacea to cure all ills is to be found in free market forces.

A key factor in any restructuring of the system is the introduction of partial participant payment for any services offered by the training centres. When you apply free market forces in an area which was formerly regulated, it is possible to match supply and demand more effectively, and the market will regulate itself. By making the enterprises pay for a part of the training courses which their employees receive, it is possible to cut the public contribution to the training centres, and the savings thus made can in turn be ploughed back to the enterprises by means of a relaxation of the tax incidence, or spent on additional training activities. Instead of having all the enterprises pay a fixed percentage in contribution, the main costs will now be paid by the enterprises taking most advantage of the courses.

Participant payment is to cut both ways, so that the individual users as well are to put their shoulders to the wheel. Employees sent by their enterprises to attend CVT-courses will of course have all their costs covered by their enterprises – but in principle all individual users are to pay for their participation. Of course, the individual users are not to pay an amount which correspond to the real expenses of the course, but some kind of payment would have a psychological effect so that only the people who are really motivated will enter the courses. In the opinion of the employers, many valuable resources are wasted every year on people who are not really motivated for learning, and who do not profit from their participation to the maximum extent. Participant payment is to be scaled in accordance with the real costs of the courses in question; certain very expensive courses are to entail a proportionally larger participant payment in order to discourage those who are not genuinely motivated. Participant payment would result in a more effective utilisation of the present resources, and coupled with an increase in the number of people allowed on each course, it would go a long way towards solving any capacity problems.

Basically, the employers perceive CVT as an investment, i.e. as money spent in order to yield a direct bonus to the enterprise in the shape of a production increase or a slashing of costs through a more efficient utilisation of existing resources. Therefore, the main interest is focused on the acquisition of 'narrow' job-related (process dependent) skills which may be directly and immediately applied in the job situation. It is not considered relevant by the enterprises for them to take on the upgrading of the general educational level of their workforce. The Danish Employers' Confederation (DA) acknowledges the importance of this circumstance, but it believes that the State has provided the necessary framework to enable the workforce to attend these courses outside working hours, and at a reasonable price which everybody can afford.

In line with the perception of CVT as an investment, the employers maintain that CVT also constitutes an investment for the individual employee. The qualifications he acquires are his alone, and in principle he may leave the enterprise he works for and take the qualifications with him to a new job, if the

conditions there suit him better. It is therefore appropriate that the employee is also to contribute towards this investment; e.g. by using his leisure time (and not only his working hours) for the participation in courses.

*CVT as an Issue in Collective Bargaining*

The employers have taken note of an increased interest in CVT agreements shown by the employees and the trade unions. On this basis, a growing number of agreements have been made in connection with collective labour agreements.

Employers prefer to make agreements on enterprise level to give each employer the freedom of choice. As a trade-off for anchoring CVT in the collective labour agreements, the employers demanded that the employees pay some of the CVT costs out of their wages.

The Danish Employers' Confederation (DA) acknowledges the existence of a number of agreements on CVT reached on sectoral level – notably in the shape of training funds, where a certain amount is paid per working hour. This money may provide additional financing to the training centres (e.g. it may be spent on the purchase of expensive equipment, or on the development costs for new training modules) at a time when public funds are exhausted.

## Point of View: The Trade Unions

The Danish Federation of Trade Unions (LO) also recognises that there is a huge demand for CVT if the work force is to maintain its present level of qualifications. However, the trade unions do not believe that it is possible to meet this demand within the confines of the present CVT budget. Instead, they advocate an expansion of the AMU system as well as increased efficiency.

Having a much more comprehensive view on CVT, the trade unions regard the AMU-system as only one aspect of a multifaceted structure. Since 1974, the Danish Federation of Trade Unions (LO) has advocated a scheme known as BFU: 'Betalt Frihed til Uddannelse' (paid leave for education/training). Under this scheme, all workers have the right to 26 weeks of coherent education/training of their own choice with adequate wage compensation. This education/training may be directly job related or of a more general educational nature.

*Leave Regulations*

The BFU scheme has in part been implemented by the Act on Leave Schemes. In 1992, leave with leave benefit in connection with training and child care was introduced on the Danish labour market. With the Act on Leave Schemes, which came into force on 1st January 1994, the possibilities of taking leave for training or child care have been improved. Furthermore, sabbatical leave –

which may be taken for any optional purpose – has been introduced. By the end of 1994, a total number of about 80,000 persons were on leave; about 24,000 were on training leave, nearly 50,000 on parental leave and about 6,000 on sabbatical leave.

Training leave may be given for a period of from one week and up to one year for approved training courses. However, leave may not, as a rule, be given in connection with participation in medium and long-term advanced education programmes.

The target group for the Act on Leave Schemes is made up of unemployed persons, persons in employment and self-employed persons above the age of 25. A condition for obtaining leave is that the person in question is a member of an unemployment insurance fund and qualifies for unemployment benefit. For persons in employment and for self-employed persons it is also a condition that they have been working for at least three years within the last five years. As regards persons in employment, leave is subject to an agreement with the employer. During leave, a benefit is paid of up to 100 per cent of the maximum rate unemployment benefit of DKR 2,555 per week (approx. DM 2,700 a month in 1995).

The trade unions are committed to keeping the State as an actor in the field of CVT, even though there are examples of trade unions creating their own training structures. The FIU system has been set up by The Danish Federation of Trade Unions (LO) in order to train shop stewards and other trade union representatives (e.g. members of work councils and safety committees, employee representatives on the board etc.) The courses of the FIU-system are related to the qualifications needed for working as a trade union representative, and may as such be described as specific and 'narrow' (process dependent). The FIU-system is run entirely by the trade unions, but a large part of the financing comes from the employers, which is the result of a collective labour agreement.

*CVT as an Issue in Collective Bargaining*

The trade unions see collective bargaining on sectoral level as a very important issue in relation to the provision of CVT. Even though agreements on enterprise level are also important, there is a risk that the labour market is thereby fragmented into groups of employees with relatively easy access to CVT, groups with reduced access, and groups with virtually no access to CVT.

Collective bargaining should not replace the existing system as the forum where the social partners meet on CVT issues. Instead, it is to alleviate the shortcomings of the existing system and ultimately help pave the way for the introduction of BFU schemes. In line with this, the Danish Federation of Trade Unions (LO) has drawn up three main issues whereby collective labour agreements may be used to strengthen the provisions of the existing systems, namely:

1. to see that workers get the right (and not just the possibility) to participate in CVT
2. to create funds which can finance CVT
3. to create a forum where employers and employees can meet and discuss CVT, identify needs, and formulate strategies and binding policies

Ad 1: In many areas, employees now have the right to one or two weeks of training leave a year, even though this right is not in all agreements backed by a guarantee of full wage com-pensation. This right may be defined further in complementary agreements on sectoral or enterprise level, where factors like wage compensation, contents of courses, and placement in relation to overall production planning may be defined.

Ad 2: In major sectors, funds have been created in recent years to finance CVT activities. In most cases, however, this money is spent to finance projects and development work for which it is difficult to find financing through traditional sources. In only a few cases can the money in these funds be spent to cover the decrease in wages suffered by the employees who participate in e.g. the VUS scheme (VoksenUddannelsesStøtte), where the wage compensation is limited to the maximum rate of unemployment benefit. For most employees, this means a substantial reduction in in-come, and consequently many employees are reluctant to take advantage of this possibility.

Ad 3: In the last round of collective labour agreements, the last of these demands was largely met by all sectors. If one of the parties so wishes, an explicit plan for CVT and human resources development has to be drawn up in the enterprise and an equal representative commitee will be set up to administrate the CVT-policy in the enterprise. Now, the employees have the opportunity to gain influence on the policies and the allocation of resources in this area.

Here, an important issue is to influence the definition of CVT as much as possible so that it will include the participation in courses of a general educational character as well.

## 2.2 Financing Models of CVT and FTU in Denmark (K. Olesen)

### 2.2.1 Job Rotation in Denmark

#### *A Justification for the Selection of the Model*

The job rotation models combine several aims for labour market policy and training/educational policy:

- People who are in employment improve their qualifications through supplementary training and general education.
- People who are unemployed improve their qualifications and have the possibility of returning to the labour market in permanent or temporary jobs.
- Enterprises get their need for supplementary training fulfilled at the same time as replacement labour ensures that production continues. Furthermore, the recruitment base is extended.

#### *B Qualitative Description*

*What is a Job Rotation Scheme*

The principle of job rotation schemes is simple. People who are in employment choose to take leave to participate in supplementary training (or parental or sabbatical leave), while people who are unemployed take over the vacant jobs.

On several occasions, the people who are unemployed have already been prepared for the temporary jobs through training and education financed by the Government according to Danish unemployment legislation. The enterprises receive public funds when they employ people who are unemployed. People in employment who have a short or no education are also permitted to attend supplementary training courses and receive Adult Education Support (VUS) grants. In this period, people who are unemployed take over the vacant jobs. Job rotation can be established by the Public Employment Service when they decide to make a training agreement for people in employment.

Although the principle of job rotation is simple, many variations of the model can be identified. It would be too extensive to present all the possible combinations here. However, three central elements of job rotation schemes may be elaborated on (financing is a fourth element, which will be presented in a separate paragraph below).

Firstly, the element of education. Normally, people who are unemployed participate in courses before they are employed as replacements. When they receive training, it is either enterprise-specific or more general. The people in employment will always have some degree of training. Variations in enterprise-specific or general training also exist in the training of people in employment. The duration of the training period varies from one week to several months.

Secondly, the employment conditions for the people who are unemployed. In many of the projects, they have a minimum guarantee of ordinary employment in the project, but the duration of the employment varies. Some projects have a built-in period of ordinary employment after the project period. In these projects (primarily in the public sector), publicly subsidised job training places are available.

Thirdly, the number of participating enterprises. As a rule, only one enterprise participates in a job rotation scheme. However, there are a few examples where several small enterprises within the same profession have cooperated on a project. This is called the network model and is used in situations where small enterprises do not have enough employees for supplementary training to elaborate an adapted training course.

The fundamental structure of job rotation schemes is a combination of two processes.

Type A: People who are in employment agree to participate in supplementary training.

Type B: People who are unemployed combine education with employment in an enterprise.

Projects of either type A or type B are also implemented regionally. The latter type of projects are not actual rotation projects, but they ought to be mentioned, as institutions at regional level, which are involved in either pure type A or type B projects, are often involved in job rotation schemes as well. Type A projects are often called defensive job rotation projects. Defensive job rotation does not include people who are unemployed, but only people in employment who are threatened by unemployment. The name is somewhat misleading as this kind of job rotation is in fact not in accordance with the official definition. Type B projects focus on people who are unemployed, and it is in many ways similar to the so-called bottleneck projects, where the focus is on the problematic recruitment base of the enterprises.

*Financing Models*

One significant element in the development of Danish job rotation schemes is of course the financial possibilities which have become available through legislation. In Denmark, three points are important when we look at the financing of job rotation schemes.

First of all, it is possible to ensure that the enterprises have no expense whatsoever in connection with the projects, because all expenses for supplementary wages during the period when the people in employment participate in training and education and the people who are unemployed work in the enterprise are covered. All expenses for training and education are also covered. The only

expenses which the enterprises may incur is if they decide to pay the difference between their employees normal wages and the unemployment benefits which they receive in the training period in addition to the cost of elaborating and administrating the project.

Secondly, the projects are funded by a combination of different public subsidies. All the subsidies contain a number of specific and formal conditions which must be fulfilled. The conditions relate to the educational background of the people in employment and the preceding unemployment period of the people who are unemployed. The various sets of rules may create a sense of insecurity as regards the financing and the difficulties in recruiting replacements.

Thirdly, part of the financing is based on an estimate of the financing source, i.e. whether or not the PES (Public Employment Service) will support the project with 'supplementary wages' to the people in employment. This also creates insecurities as regards the financing of the project as a whole.

The following elements in job rotation schemes may be financed:

- People who are unemployed and then employed as replacements are entitled to training with publicly financed grants. They may receive three different kinds of funding: education, job training, and non-supported work.
- People who are in employment in a training period are entitled to training with publicly financed grants.

*Financing Volume and Participants*

The model has been known for years, but after the initiation of the Labour Market Reform in 1994 , the use of job rotation schemes has increased. In 1995, there were 450 projects with 24,300 participants; 1/3 were public projects, and 2/3 were private projects. This means that there were four times as many projects in 1995 as in 1992.

Although the majority of the projects are placed in the industrial or the public sector, they cover a variety of professions. Many of the enterprises participate because they are already in a process of restructuring and therefore need supplementary training for their staff. In many of the enterprises, the projects are repeated continuously over a long period of time.

When we look at the people in employment, the primary participants in job rotation schemes are unskilled workers, but skilled and white-collar workers also participate as well as people with a higher educational background. This indicates that job rotation schemes are not necessarily a tool for unskilled/-skilled workers, although the unskilled workers dominate.

The age distribution of the participants is difficult to define. In a few regions the figures indicate that there is a majority of males, which is most likely due to the fact that specific professions participate in the schemes, and because older age groups are poorly represented.

## C History of the Model

In Denmark, various job rotation schemes have emerged since the late 1980s. However, the extent of actual job rotation schemes was limited. The next step was taken when the 1991 collective labour agreements came into force. The main result of the agreements was obtained in the fields of training and education. In some areas, special agreements regarding training and education were made. The agreements ensured that the employees were entitled to receive further or continuing training and education for one week every year. In many enterprises, this generated interest in creating job rotation schemes by employing people who were unemployed. The training agreements only covered some occupational groups, in particular semi-skilled and skilled workers in the private sector.

In 1993, collective labour agreements extended the employees' right to supplementary training and therefore also the extent of job rotation schemes. There are still no exact figures as regards the number of job rotation projects carried out. The general impression is that the number of job rotation projects has increased.

Job rotation schemes are a central part of the Labour Market Reform which came into force in 1994. When the Danish Labour Market Reform was enacted, the extension of job rotation projects increased significantly. By introducing three types of leave (educational leave, parental leave and sabbatical leave) for people in employment as well as for people who are unemployed, the enterprises' need for establishing rotation projects increased. Educational leave is the most labour market-oriented scheme, whereas the two other forms of leave are more welfare-oriented. At the end of August 1995, approx. 28,000 people in employment were on leave. Educational leave accounted for 6,500 (23%). The leave schemes create good conditions for establishing job rotation projects, because the enterprises can obtain public subsidies to replace the employees with people who are unemployed.

The educational element has been a cornerstone in most of the projects, but with the Labour Market Reform, job rotation projects without training elements have been made possible.

## D Financiers of Continuing Vocational Training

One of the instruments available to make the job rotation scheme function is the European Social Fund, including Objective 3, 4 and ADAPT. Other financing sources are the activity funds of the labour market councils, government grants for special leaves, the Adult Education Fund, etc.

**Scheme 15: Sources of Funding**

| People who are unemployed | | People who are in employment | |
|---|---|---|---|
| **Education** | **Allowances** | **Education** | **Allowances** |
| Open Education (åben uddannelse) | Educational leave (uddannelseorlov) | Open Education (åben uddannelse) | Educational leave* (uddannelseorlov) |
| Labour market courses (AMU-uddannelser) | Course allowances | Labour market courses (AMU-uddannelser) | Course allowances* Adult education support schemes* (VUS) |
| Regional initatives (RAR + kommuner) | Unemployment benefit | In-company training | Normal salary |
| | | Regional initatives for special groups | Normal salary |

* The enterprises may pay supplementary wages so that the employees receive their normal salary

## E *Target Groups for Promotional Measures*

The target groups of the measures in 14 Danish districts consists in all cases out of unskilled employees. In four districts also skilled workers and in Greater-Kopenhagen also the clerical workers were included. The most important professions came from:

- the public sector (mostly the welfare sector),
- public enterprises( i.e. Post, Railway),
- the industrial sector (i.e. Iron-, Metal- and Woodworking sector),
- the Service sector.

## F *Benefits of the Financing Models for the Participants*

- People who are unemployed gain access to the labour market.
- People who are employed receive training.
- The enterprises get a chance to upgrade their core employees.
- On a more general labour market level, several benefits can be identified:
  - The general level of qualifications is increased.
  - The risks of bottlenecks on the labour market are reduced.
  - Flexibility is improved, the enterprises obtain larger recruitment bases.
  - Higher flexibility at the institutional level: Better cooperation between enterprises, training institutions, and local labour market agencies.

Previous studies point out that it is important that the central actors create the institutional setup in the individual job rotation schemes. Apart from the direct participants, they also point to the following actors: The Public Employment Services, the unemployment insurance funds, the trade unions, educational institutions, trade organisations. Furthermore, more or less independent project initiators may be included.

There are various institutional set-ups. In Northern Jutland, it was decided to create an independent organisation (Job North) whose main tasks are to support the process of project creation and to disseminate information on the rotation projects. They are not expected to be investigative in relation to enterprises or public institutions. This task is undertaken by the PES. If an enterprise is interested in the schemes presented by the PES, Job North is to develop the project in cooperation with the enterprise.

The main purpose of creating an independent organisation is that the PES may disseminate information, facilitate the process of job rotation schemes and have the allocation authority, but the PES does not get involved in the project application phase. Similar constructions are known from other regions.

However, this construction constitutes a regional dilemma. On the one hand, we would like the enterprises to present their ideas for job rotation schemes, but on the other hand, we know that this is not realistic. It is necessary that the enterprises are introduced to the idea, and that they are supported when they want to turn the idea into an actual job rotation project. However, there is a risk of creating a new institution which has its own ideas and interests in the project development, if the interaction problems between the actors are not taken into consideration.

The role of the educational institutions has been questioned. On the one hand, it is an advantage that the educational institutions behave in an investigative manner, but on the other hand, it creates problems in relations to their own interest in selling their courses. Some projects are 'oversold' by the educational institutions. On behalf of the Public Employment Service (PES) project managers promise more training then they can actually deliver. It is also a problem when needs for supplementary training are identified within a field where the training cannot be delivered. In other words, the identification of needs for supplementary training is based on the courses provided by the institutions and not on the actual needs of the enterprises.

The main risks in the institutional set-up is therefore that there are too many job rotation schemes which are not based on the needs of the enterprises or the labour market, and that too few projects are developed because of the lack of project initiators.

Another angle on the institutional set-up may be to look at the role of actors on the labour market in relation to actual projects.

The involvement of the labour market organisations is very important. The labour market organisations – especially the unemployment funds, the trade unions, and the union representatives – are involved at a very early stage in the process.

The trade unions play a central role in the process because their task is to support the projects of the employees, and to make sure that the projects are developed within a secure and organised framework. The trade unions are often considered to be the most important actors in the dissemination of information on job rotation schemes. It is often the trade unions, and not enterprise management, which initiate the project ideas.

The unemployment funds and the trade unions are often involved in the visitation and recruitment phases. Under Danish legislation, the unemployment funds are to ensure that the people who are unemployed are available for work. In some projects, they arrange for the people who are unemployed to participate in the introductory meeting of the project, although the PES system often handles this task.

Enterprise representatives do not play an equally active role. However, there are examples of trade associations, business communities, or trade councils which have played an active role in the development of particular projects.

Although the involvement of the labour market organisations is usually considered an advantage, there are examples of this involvement creating problems. One example is a project in Central Jutland where a trade association had made an agreement on a job rotation scheme on behalf of its members without being able to fulfil the agreement. The enterprises did not feel obliged to fulfil the agreement entered into by their associations, and the project was never initiated. Another example is from the Greater Copenhagen area, where the union representatives tried to stop a project because of general discontent with the restructuring process in the enterprise. The rotation project was only a small part of the entire process, but it played an important role in the industrial dispute at the enterprise.

As previously described, a job rotation scheme is a rather sensitive tool and the risk of failure is high. Many of the people who are in employment are afraid of becoming redundant or afraid that their replacements may be more qualified for their jobs than they are. Furthermore, it is necessary for the replacements to feel integrated in the enterprise. All of these factors necessitate job security and a safe framework for the projects. A signed agreement of cooperation put forward by the PES may be a solution. In this way, the rules/set-up of the project will be laid down. The parties who are to sign the agreement are: the enterprises, the unemployment funds, employee representatives, the educational institutions, and external project initiators, if any.

### H Comprehensive Assessment

The job rotation schemes are considered to be a labour market policy tool. First of all, the model is of interest because it is an effective element in the pull strategy in labour market policy. The aim of this strategy is to create demand for people who are unemployed, as opposed to the push strategy which pushes the people who are unemployed into the enterprises backed by substantial financial support. It is not easy to assess whether the job rotation schemes can be transferred to other European countries. Some major projects co-financed by the ADAPT Programme have been initiated.

## 2.2.2 Model 1: The Simple Model and the Network Model (U. Skaarup)

### A The Simple Model

*The company – background:*

A private food processing company in Roskilde with approximately 110 employees has for a period of 2-3 years been working on a process of organisational change including the introduction of self-managing production units. Job rotation schemes have been used earlier where all employed have been trained in quality management and hygienic procedures at the local AMU Centre (vocational training centre) while replacement labour has temporarily been taking over the work.

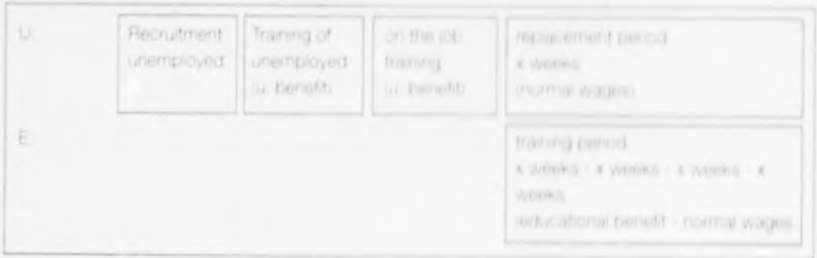
This fall (1996) the company applied to the Regional Labour Market Council for a new project where the 80 production workers receive in-house training in groups – one week per group – combined with 2 weeks in the spring at the local training centre (all together 12 weeks of training in the fall and 24 weeks in the spring). The company will collect the educational leave benefit which their employed people are entitled to, and pay everybody their normal wage. In the period of in-house training and external training the work will be carried out by trained unemployed.

*Training of employed:*

The in-house training course and the external courses have been planned according to the work routine of the company and is based on company material. In-house training consists primarily of 'hands-on' learning in other sections of the company to ensure flexibility and joint understanding of production routines and goals. There is a large element of general and personal leadership in the course.

*Recruitment and training of unemployed:*
The public employment service (AF) recruits in close cooperation with the unemployment fund for the sector (A-kasse) and local branch of the Danish Food and Allied Workers Union 12 unemployed persons, who receive three weeks of initial training and a few days practical training in the company before their replacement period begins. In the three week period of training the unemployed receive what sums up to an unemployment benefit. In the replacement period (12 weeks/24 weeks) the replacement persons receive normal wages.

**Scheme 16: Planning model (simplified):**


U:
Recruitment unemployed
Training of unemployed (u. benefit)
on the job training (u. benefit)
replacement period x weeks (normal wages)
E:
training period x weeks + x weeks + x weeks + x weeks educational benefit + normal wages

*Financing model (simplified):*
The financing of the project is put together by a combination of different financial sources – by combining the labour market policy instruments – that is, models for CVT, FTU and the regional activating funds administered by the Regional Labour Market Council.(see paper on Danish financing models)

Example: NB – this is a simplified example – not exactly the budget for the above case. Example based on 60 employed persons trained in four weeks (15 persons per course x 4 = 16 weeks). 15 replacement persons trained and employed in 16 weeks in company.

**Scheme 17: Budget of the simple model**

| **Budget** | |
|---|---|
| **'Income"** | |
| Planning, development and implementation of training course (4 x 4 weeks) + recruitment and training of 15 unemployed. Financed by Labour Market Council and Public Employment Service (RAR + AF) total approx. 100.000 ECU – goes to training institution | **100,000 ECU** |
| Educational Leave Benefit (maximum rate) 60 persons in 4 x 4 weeks | 78,500 ECU |
| VUS (Adult Education Support) | 24,750 ECU |
| § 88 a (in some cases) | 20,000 ECU |
| **total:** | **123,250 ECU** |
| **'Costs'** | |
| Normal wage for employed | Company |
| Normal wage for replacement persons | 137,500 ECU |
| Difference: 137,500 -123,250 | 13,650 ECU |
| 13,650 ECU = The company's 'real' share of the project | |

## *B The Network Model*

*The project – background:*

A group of six small municipalities in the northern part of Roskilde county with a tradition on working together ('leyrekreden') agreed on a joint training and rotation project for clerical workers. The project runs for a period of 15 months. The overall purpose is to qualify the employed for new tasks and roles in local administration as well as qualifying a body of unemployed replacement persons. Unemployment is high in the group of skilled clerical workers.

*Training of employees:*

Based on discussions within the group of employees in question and with management, the project offers five different training schemes as possible elements in the rotation project. The five different schemes should cater to the different levels of qualifications and differences in future job expectations.

The different schemes are offered as individual modules for each municipality as well as joint courses for employees from all municipalities. The training takes place at the local Commercial Schools or at the College of Public administration (Forvaltningshojskolen). Subjects in question are project planning and management, administrative routines and personal development. The employees in question are paid their normal wages and their educational leave benefits pays (partly) for the replacements.

The overall goal is that 2-4 persons in each municipality are continuously engaged in training activities.

*Recruitment and training of unemployed:*
The Public Employment Service (AF) and the Union of Commercial and Clerical Employees recruited 32 unemployed persons. The actual need for replacement labour was 16 persons, but experiences from other projects show that a large proportion of the unemployed finds permanent jobs in the project period, thus the early recruitment of a reserve group.

The replacement persons receive 14 weeks of training at the local commercial schools in subjects such as economics, data processing, organisation and communication, local administration and personal development. Before working as replacements there is a period of practical training.

**Scheme 18: Planning mode**

| Arbeits- | Rekrutierung | Weiterbildung | Periode der Stellvertretung |
|---|---|---|---|
| U: | Recruitment | Training + practical training 14 weeks | replacement period - 43 weeks (29 weeks job training, 24 weeks normal wage) |
| E: | | | individual training schemes (on average 16 employees in 53 weeks) |

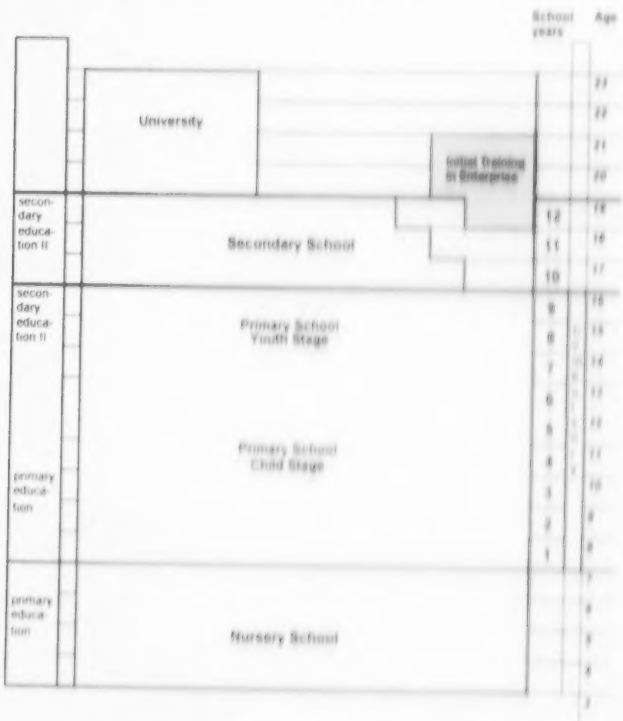
# 3. Norway

## 3.1 Description of the National Financing System of CVT and FTU in Norway (I. Eidskrem)

### 3.1.1 The Initial Vocational Training System

In this chapter I will shortly outline some main characteristics of the Norwegian education system. In recent years comprehensive reforms in structure and content have been implemented at all levels of the education system. Some of these reforms will be shortly presented in the paragraphs below. After that I will present an overview of the qualification structure of the employed part of the population. This is done through an overview of the employed persons by branch. Finally I address the place of continuing vocational training CVT within the education system.

**Scheme 19: Overview of the Norwegian Educational System**



The Norwegian education system is divided into three levels.

1) *The primary and lower secondary level* (which is compulsory),
2) *Upper secondary level* in the age group 16 to 19 years and
3) *higher education* at the level of university and colleges. The public provision of adult education is associated with the upper secondary level and the level of higher education.

The Government and the Stortinget (the parliament) decide on the objectives and establish the framework of the education system. The Ministry of Education, Research and Church Affairs has the overall responsibility and has the supreme authority in all questions concerning the education system.

In 1976 vocational training and academic studies were combined in a single system of upper secondary education. The intention of the new reforms is to create a more integrated and better coordinated system.

*Upper secondary education*

This level covers all education and training between lower secondary school and higher education. Although it is voluntary, over 95 per cent of all of 16 years old continue their education. The Reform 94, which I shall return to, gives all young people aged 16 to 19 years the right to three years' upper secondary education. The final examination provides entry to higher education or a trade certificate or other occupational qualification.

The Reform 94 has reduced the number of foundation courses offered at upper secondary level from more than one hundred to thirteen. The new foundation courses have more general educational content, leaving specialisation to the level of advanced courses and/or apprenticeship. Training in trades that come under the Vocational Training Act takes the form of two years of vocational education at school followed by an apprenticeship period. The year of apprenticeship may be extended to two years if combined with actual participation in the work of the company.

Upper secondary education has been made available over the whole country to ensure that all young people have the same opportunity for education and training at this level. Equal weight and status are given to theoretical education and practical training.

Apprenticeship is part of the upper secondary system and takes place in the working community. Most apprentices start by following a vocational training course for one or two years and continue with a further one to two years in an enterprise or apprenticed to a craftsman. Enterprises that offer apprenticeship contracts receive state grants. At the end of training the apprentice has to pass a trade or journeyman's examination. The National Council for Vocational Training is an advisory body to the Ministry of Education, Research and Church

Affairs. Each trade or group of related trades has a training council and each county a vocational training committee that administers the apprenticeship system and the examinations and provides advice and information on vocational training.

The county is responsible for upper secondary education. Statutes, regulations and national curricula establish the framework of the system. Since 1994 great changes have been introduced in upper secondary education. One of the main goals of Reform 94 was to create a flexible system that provides a general education and a wide range of skills and prepares pupils for a society in constant change.

### *The University and College system*

The qualification for enrollment in courses at the level of higher education is the final upper secondary examination. With a few exceptions the universities and colleges are run by the state, but enjoy a considerable degree of academic and administrative independence. Norway has four universities: the universities of Oslo, Bergen, Trondheim and Tromsø. It has also 6 specialised colleges at university level. These institutions have a twofold function: *Research* and *teaching*. They offer degrees at several levels, requiring courses of study lasting four to seven years.

Before August 1994 Norway had almost a hundred regional colleges. The decentralisation of higher education was part of Norwegian educational policy and the establishment of colleges all over the country was a move to make higher education more accessible and to raise the level of qualified expertise in outlying parts of the country.

One of the reasons why the number of colleges is so high is that during the 1970 and 80s a number of educational institutions were given college status. The programs offered at the colleges are usually shorter and more occupational/ vocationally oriented than those of the universities. The course of studies usually lasts two to three years. The studies may be combined with university studies.

In order to promote cooperation and a more rational division of labour a network has been set up linking all Norwegian universities and colleges. This is by the political authorities supposed to enable various academic departments to cooperate with regard to specialisation and division of labour. All educational programmes are being reviewed and reorganised so that each institution can concentrate on its own areas of specialisation. The network is also supposed to give students a larger range of options and make it easier to combine programmes. In August 1994 the 98 regional colleges were reorganised into 26 colleges.

*The Qualification Structure of the Employed Persons*

In scheme 20 below a simplified overview of the qualification structure of employed persons by industry is presented. The scheme shows that community, social and personal services are areas where most of employed persons are employed. The categories used here are rather rough so that it is difficult to get more detailed information out of the scheme.

**Scheme 20: Employed persons by industry. Year average 1000 persons and per cent 1994**

| | | | |
|---|---|---|---|
| 1. | Agriculture, hunting and fishing, forestry | 107 | 5.3 % |
| 2. | Oil extraction, mining and quarrying | 24 | 1.2 % |
| 3. | Manufacturing | 303 | 14.9 % |
| 4. | Gas and water supply | 22 | 1.1 % |
| 5. | Construction | 119 | 5.8 % |
| 6. | Wholesale and retail trade, hotels and restaurants | 348 | 17.1 % |
| 7. | Transport, storage and communications | 165 | 8.1 % |
| 8. | Financing, insurance, real estate and business services | 160 | 7.9 % |
| 9. | Community, social and personal services | 784 | 38.5 % |
| | **Total** | **2035** | **100.0** |

After the share of community, social and personal services, manufacturing and wholesale and retail trade and hotels and restaurant also represent substantial part of the employed population. In 1960 about 80 % of the population had a primary school certificate as their highest level. In 1995 this was 26 %. About 50 % had an upper-secondary school certificate. While 16 % had this in 1960. This is due to an expansion of the education system and increased recruitment to upper secondary and higher education.

*The Place of Continuing Vocational Training in the Education System*

Continuing vocational training has traditionally had a relatively modest place at public educational institutions. From the beginning of the 1980s there has been a plethora of organisations, professional, voluntary adult associations, schools of upper secondary education, institutions of higher education as well as a number of privately owned training companies offered training courses to the work and business community. In Norway there is no legislation restricting entry to or exit from the market of CVT. During the first half of the 80s small private firms pioneered computer training. The above mentioned private supplier organisations have covered subject areas where the public institutions not were able to meet the demand for CVT. They therefore have been regarded as supplementary in relation to the public education system with regard to the supply of CVT.

Since the end of the 1980s the political authorities emphasised that the supply of CVT to the working community should be an integrated part of and the responsibility of the education system at all relevant levels. This implied that the educational institutions were given the duty to develop a supply of CVT within their special subject areas. Since then the process has continued, but it has not come equally far at all levels of the education system.

*The resource centres.* Within upper secondary schools the process has come further than at the level of higher education. More than 230 so called "resource centres" at the level of upper secondary schools are now offering CVT within a wide range of subject areas. The resource centres are organised in different ways and with different connections to the upper secondary schools. They may be organised as 1) a department within upper secondary schools' administration, as 2) a detached unit outside the schools or as 3) a joint stock company; both 2) and 3) with close connections to the public upper secondary schools. The resource centres offer courses and other services to the work and business community on a *commercial basis.* This implies that the resource centre activity constitutes a part of the upper secondary schools' training activities which not is targeting ordinary pupils. This is not new; the upper secondary schools have for years sold courses and other services to the work and business community. The new aspect in recent years is the ways in which this sale of training courses is organised and administered and the dimensions of the activity. Thus the sale of courses and other services have been made more formal. The surplus from the training activity is often invested in new equipment for the schools.

### 3.1.2 Structure of the Continuing Vocational Training System

The Norwegian CVT system is segmented both in work and in the education system, and the responsibilities are to a great extent split up between a variety of different public, semi-public and private actors and is therefore rather difficult to survey. I will therefore have to limit this overview to a description of some main features of the system.

CVT has increasingly been given political priority in recent times. One of the most recent examples of this the appointment of a commission by the government to establish principles for "A National Strategy for Increased Employment in the Nineties". In addition to a considerable improvement of the educational opportunities to the youth (16-19 years), it was stated that a greater priority was to be given to the education and training of adults. The Employment Commission criticised the actual situation of CVT in Norway. In spite of having recognised that the development of competencies in work is of great importance for the competitiveness, productivity and employment, the political

authorities have till now not followed up this situation in an adequate way. Compared to Denmark and Sweden, Norway has only to a limited extent established leave-arrangements for the purpose of CVT, educational grants and training offers for employed adults. Among others one of the implications for CVT policies in the 90s was to create a comprehensive and consistent policy in the field of work related training and a more clear-cut division of responsibilities and increased input of resources.

### *The Legal Foundation of CVT*

There is no single term in Norwegian paralleling the English term "continuing vocational training". The term "etter- og videreutdanning" is usually used to describe work related adult education and training. Following some experts a rather precise translation of the above mentioned term is "Continuing and further vocational education/training". In this connection I will use the term CVT as a parallel to the Norwegian "etter og videreutdanning".

The Act of Adult Education from 1976 is the most important document concerning the legal foundation of CVT. The intention of the Act is to "*...contribute to providing adults with equal access to knowledge, insight and skills*". The Acts definition of adult education includes a variety of categories of training. In this connection I will include 1) further education and training at the levels of upper secondary an higher education and 2) vocational training for adults as part of the labour market policies and as part of in-company training.

§ 3 of the Act establishes principles for the division of responsibilities between actors at different administrative levels (state, county and municipalities) and between different institutions with regard to providing adults with training offers.

Upper secondary education and further education are offered by the schools at the same level and is the responsibility of the county authorities. Training in basic educational subjects is the responsibility of the municipalities. Adult education in leisure related and cultural subjects is the responsibility of the voluntary adult education associations. Training of unemployed persons is the responsibility of the labour marked authorities. According to the Act of Adult Education the ordinary education system is responsible for organising courses within the official examination and certification system. This has however changed since the labour market authorities and even the voluntary study associations organise courses within the above mentioned system.

§ 20 in the Vocational Training Act of 1980 allows adults to register for the same certifying examinations as other apprentices. These are adults with extensive work experience. They may study for the theoretical part of the examination which is specially arranged for people in employment

### *Arrangements made by Associations and Sectors*

The Norwegian CVT-system has been described as a complex mixture of public, semi-public and private initiatives. This is due to the following four factors:

1. *Growing number of suppliers.* Increasingly, actors outside the sphere of education appear to be involving themselves in the field of education and training. The educational authorities no longer possess exclusive control over the extent and content of CVT. A variety of ministries and their corresponding regional and local bodies are using education and training to promote development and change within their specific areas of responsibility.

2. *A heterogeneous group of participants in the CVT system.* The variety of activities included in CVT are wide: From class-room education to a wide range of different types of in-company training. All this make the participants heterogeneous.

3. *Increasing level of investments in the CVT system.* As result of an increasing number of suppliers, investments in the CVT sector have increased, and have been especially high within the labour market sector the preceding years. New data indicate increasing investments in the private sector.

4. *A dilemma of governance within the CVT-sector.* The Adult Act has limited significance as an instrument for the coordination of policies between different public sectors and as an instrument for coordination of activities between the private and public sectors.

These four points indicate some tendencies of development within the Norwegian CVT system and are important to bear in mind in the further description of training arrangements.

### *Labour Market Training Schemes*

The target groups of the labour market (training) schemes are unemployed persons and the aim is to improve their prospects for employment. Small and medium sized companies are also to some extent a target group for one of the labour market training schemes. In this connection the aim is promote readjustment and survival of the company by raising the competence level of the employees. The labour market authorities have the responsibility for financing and deciding on what types of courses are to be offered. The course organisers commissioned to run the courses are upper secondary schools (resource centres), private (commercial) training companies and voluntary adult education associations. In 1994, 43 % of the courses were run by private course organisers and the rest by public course organisers.

One can distinguish between four types of labour market training schemes: *Labour Market Training* (Arbeidsmarkedsopplæringen – AMO), the *Substitute Scheme* (Vikarplasser), *Work Practice* (Praksis-plasser) and the *In-company Training Scheme* (Bedriftsintern opplæring – BIO), a scheme targeting the whole labour stock of the company.

*Labour Market Training* (Arbeidsmarkedsopplæringen – AMO). Labour Market Training is funded by the Labour Market Authorities. The aim of AMO is to qualify the unemployed for work, reduce mismatches between current needs in the work-community and the competence of the unemployed, but also motivate unemployed persons to take more education within the ordinary education system. The target group of the scheme is unemployed above 19 years of age and persons in insecure employment situations. The courses consist mainly of vocational subjects and may last from one week to ten months. The Labour Market Training (AMO) is the single largest training scheme

*Substitute Scheme* (Vikarplasser). The aim of the scheme is to offer unemployed persons relevant work experience by public and private employers. At the same time the employees may be granted leaves for education and training purposes financed by the employer. Normally the Employment Office together with the employer selects the candidate to be employed. The unemployed person may be employed for up to 10 months. The employer receives a regular subsidy of NOK 12,150 (in 1993) per month from the local Employment Office. The unique aspect of this scheme is that it combines elements both from employment and training schemes: it contributes to raise the training level of employees and at the same time provides temporary work and training for the unemployed.

*Work Practice* (Praksisplasser). The aim of this scheme is to improve opportunities for the unemployed to find a job or start an education or training by getting knowledge and experience from work. The scheme is targeting younger unemployed people. This is the second largest single scheme.

*In-Company Training* (Bedriftsintern opplæring – BIO). The aim of the scheme is to promote readjustments in companies by providing for training for the labour stock and thus prevent future unemployment, rather than offer training to persons who already are unemployed. Readjustments are achieved by providing for training which gives the employees new competences. The target group of the In-Company Training scheme is small and medium-sized companies with a maximum of 100 employees. The scheme includes:

- Companies working to change their product range or planning to introduce new technologies and therefore needing to raise the competence level of the labour stock
- Companies planning to employ unemployed persons. In order to fill vacancies the unemployed have to go through a training programme.



173

– Companies intending to train persons among their own employees for vacancies for which there is shortage of qualified persons in the labour market.

Training should be tailor-made. The companies have to establish a *training committee (Opplæringsutvalg)* where both representatives of the employees and the employer are represented, and the training programme must be approved by the labour market authorities at county level. The In-Company Training scheme is based on co-financing in which the labour market authorities contributes with a maximum of 50 % of the wage costs. The In-Company Training scheme to some extent also *combines elements both from employment and training schemes.*

### *Arrangements on Regional Level*

The most interesting arrangements at this level are the regional advisory institutions. These illustrate the point made by some experts that actors outside the sphere of education increasingly appear to be involving themselves in the field of education and training.

Both within the regional (responsibility of the Ministry of Local Government and Labour) and industrial (the responsibility of the Ministry of Industry) policies, experts claim that almost "paradigmatic" changes have taken place. The reason for this is that the support and investment in physical infrastructure has partly been replaced by investments in the immaterial infrastructure of the economy through the development of competencies at individual and company level. Another element in this connection is the establishment of a national system of institutions whose sole responsibility is to support enterprises in the field of training and organisation development. These institutions are semi-public in the sense that public investments are mixed with private investments.

*The Regional Advisory service* (Rådgivningstjenesten i distriktene) Courses are an important element in the work of this service, organisational development within small and medium sized enterprises representing a main activity.

*The Advisory Institute of Northern Norway* (Veiledningsinstituttet for Nord-Norge) Training and the development of organisations are central elements in all of the activities.

Different programmes and projects are important instruments for stimulating the immaterial basis both for the single enterprise, an industry or a region. This part of the continuing vocational training has been called the "new" public sector within the field of continuing vocational training.

*Arrangements made by the Social Partners*

In this paragraph I will present some training arrangements in which both of the social partners are involved and arrangements where just one of them is involved. There seems to be a variety of special arrangements. In some branches they have a long experience with fund arrangements. This especially applies to companies within the graphical branch.

The purpose of the educational Fund of the *Norwegian Confederation of Trade Unions* (Landsorganisasjonen – LO) is to support the competence development of the members who have rights in the fund. This right is connected to certain branches and includes around 230,000 of the members of LO.

The Fund includes:

1. Full-year course, full time or part time at all types of educational institutions
2. Education of shorter duration than mentioned above
   - Continuing training/education/retraining.
   - Training according to § 20 of The Vocational Training Act.
   - General education to achieve access to higher education.
   - Training schemes associated with organisation and enterprise development.

The Grant amounts to NOK 25,000 per year

The educational grant for *LO members employed by the state* have special instructions for treating grants for whole year education. The arrangement includes all those incorporated by the Basic Agreement for people employed by the state. Employees paying the subscriptions have the right to receive the grant. The grant covers documented costs. Applications from persons who are about to be redundant because of reorganisation, and who therefore have to take training to keep there job, are given special priority.

The grants of the *Norwegian Union of Municipal Employees* (i.e. the association of those employed by the municipalities) are limited and amount to NOK 5,000. The aim of the grant arrangement is to support members taking vocational training at the level of the basic school, upper secondary level, the level of higher education and training in accordance with the Act of Vocational training. Included are also studies in management and administration.

*The fund arrangement of the graphical sector.* The employer associations (Avisenes Arbeidsgiverforening, Grafiske bedrifter, Arbeiderpressens Tariffforening) in graphical sector and the counterpart the Norwegian Union of Graphical Workers have established Graphical Educational Fund. In 1987 Graphical Institute was established. The Graphical Institute is serving as a special kind of competence centre for the graphical sector. The purpose of Graphical Educational Fund is to:

- Raise the competence levels of the graphical workers

- Support measures for the development of general branch competence
- Support the four competence centres of the branch

I will return to the financing of the fund in a later chapter. The fund is managed by a board of eight members. Four of them are appointed by the Union of graphical workers and another four appointed by the employer associations. The board of the fund is responsible for the disposal of the means of the fund. 50 % of the sum paid in by the companies and their employees are used by the Graphical Institute. All companies and their employees who pay the levy to the fund have the opportunity to apply for support for attending courses which are developed and organised in agreement with the decisions made by the board. The following is supported by the fund:

- Participation in courses
- Wages for participating in courses during the working hours
- Travelling grants for travelling back and forth from the place where the course is run and in addition a grant for living away from home during the course.

The Union of graphical workers has also established its own educational fund which renders support for the operation and investments to the unions competence centres, but also economic support for unemployed and employed members. The fund is financed by ordinary provisions. Within a related field, in the packing and cartonage industry there also has been established an educational fund. This is quite new and the provisions to the fund are lower than of the fund described above.

In the *Basic Agreement* between the Confederation of Business and Industry (NHO) and the Confederation of Unions (LO) the question of educational leave is mentioned. Employees should be granted educational leave insofar as special reasons do not weighing against it. Education may last up to two years and the employee has the right to get back his earlier job or one which is similar to it. In § 16 (1) of the Basic Agreement it is stated:

*"NHO and LO recognise how highly important wider education is for the individual, the development of the enterprise and the community as a whole. This applies to general education, vocational training, adult education, advanced studies and rehabilitation".*

The parties emphasise the value of stimulating the employees to increase their knowledge and improve their competence and to accomplish a systematic training of the employees.

According to § 16 (3) each enterprise must present its objectives for future development as a basis for planning the competences needed. In cooperation with the employees the enterprise is responsible for planning and initiating measures. Development of competence through education and training should

be based on the present and future needs of the enterprise, taking as a starting point the targets set by the enterprise for its operations. The costs of continuing vocational training, being in agreement with the strategic goals of the company, is the responsibility of the company.

The new aspect of this Basic Agreement is that employers are accepting the duty to present the objectives of the company as a base for planning training needs and the running of courses. This might be interpreted as preparation for increased investments in continuing vocational training in the years to come.

This might be seen in relation to the new adult education reform which the political authorities are preparing. All employees are given a statutory right to CVT. One of the proposals is that ten % of the working hours are to be used for the purpose of CVT. The question of the financing of this reform has till now not been much discussed.

*Supplementary Agreement 1 Enterprise Development.* In the Basic Agreement between the Confederation of Business and Industry (NHO) and the Confederation of Unions (LO) there exist some supplementary agreements. One of these is the Supplementary Agreement 1 Enterprise Development.

The objective of the enterprise development is added value creation with the broad participation of the employees. Together the unions and the national associations draw up action plans for how the agreement shall be implemented. The central organisations' joint measures for enterprise development provide expert guidance and support for the launching and implementation of development measures and besides establish the equality of status between the sexes.

Central elements for the questions of developing the organisation of the enterprise is to give each employee co-determination and co-influence:

The development measures shall be anchored in the strategy and business concept of the enterprise.

- The development work shall be organised so that as many as possible of the persons affected are engaged in the planning and implementation of specific measures.
- Proposals for measures shall be prepared in close cooperation between the two parties (employees and management) to the agreement in the enterprise and shall be discussed in committees under the agreement. The measures shall be implemented in practical cooperation between the management, shop stewards and the employees.

In order to promote and encourage the implementation of the development measures there has been established a financial support scheme by the social partners. Financial support is primarily granted for development measures where several enterprises participate and which are carried out by the management of the branch organisations. Financial support is also granted to individ-

ual enterprises, groups of companies, regions etc. The board formulates the strategy and guidelines for support. The measures for which support may be sought are as follows:

- Conferences which are an element of development project to chart problems, develop ideas, plans and measures or exchange information.
- Project employees who can work full or part time as coordinator, manager or supervisor for the development work.

Training and action learning are important elements in the development work of this supplementary agreement. The cooperation between the social partners within the field of CVT seem to be more pragmatically oriented than for example in Denmark. On the other hand great resources have been invested in establishing good cooperational relations between the partners in other areas which also may be exploited in the area of CVT. The Confederation of Business and Industry has considered the possibility of connecting the Supplementary Agreement 1 Enterprise Development with § 16 in the Basic Agreement between the social partners.

### 3.1.3 Quantitative Overview of Continuing Vocational Training

*Sources of Data and Information*

There is a substantial deficit in the sources of data and information within the field of CVT, especially in the private sector of CVT. Public authorities obtain some information from the voluntary adult education associations, and there also exists some information on the labour market training schemes. Within some areas in the field of CVT there has also been some research which to some extent may help to survey the field.

As mentioned above the voluntary adult education associations also offer courses which may be defined as CVT. This part of the supply may have increased in the course of the 1980s and 1990s. According to a norwegian expert (1991) 7.6 % of the courses run by the voluntary adult education associations are preparing participants for formal examinations and approved qualifications. In cooperation with the Central Bureau of Statistics, the voluntary associations and their professional body (VOFO) developed a new type of statistics of the activities of the voluntary associations. From 1996 course activities will be registered with information about the age of the participants, subject areas and level. The Labour Market Authorities work out their own statistics of the training schemes which normally show who the participants are and what happens to them after having finished their courses.

There are no official statistics covering continuing vocational training initiated by companies in private sector. This applies especially to the economic volumes of the training. There has however been some investigations conducted which may give some hints. There are a number of studies from the beginning of the 1970s up to the 1990s about participation in CVT. The problem is that they are not comparable because the questions in the surveys have been phrased in different ways.

### *Training Suppliers*

One can distinguish between the following categories of CVT-suppliers:

- Public suppliers,
- Semi-public suppliers,
- Private suppliers.

There are no systematic statistics of the different categories of suppliers. There are approx. 35 voluntary adult education associations which are approved. This implies that they receive subsidies from the state. The public suppliers are of course the public educational institutions at different levels. In addition to the voluntary associations, other private suppliers are single enterprises, branches and industries, unions, employer associations an commercial supplier/course providers.

### *Participants*

*CVT at upper secondary level.* There seems to be a steady increase in the proportion of adults (people above 25 years of age) in upper secondary education from 1980 to 1992. In 1980 there were 7,191 male participants and 7,407 female participants. In 1992 the corresponding figures were respectively 19,022 and 19,601.

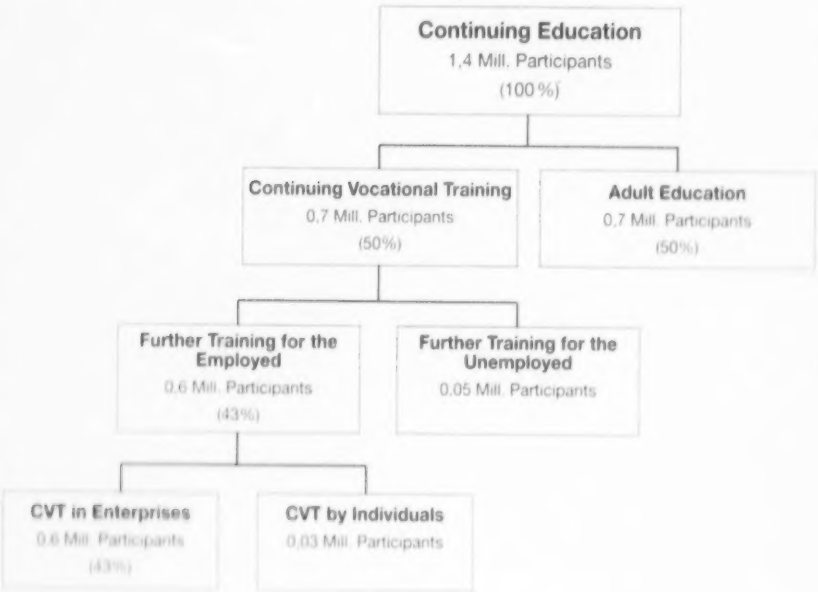
Those who are participating in courses lasting more than 2 1/2 months are registered as participants. Most of those aged between 16-19 years are enrolled in full-year courses and many adults are enrolled in shorter courses. As mentioned before the young people aged 16 - 19 years through Reform 94 have a statutory right to a three years upper secondary education. This may reduce the access of adults to upper secondary education.

*Labour market training schemes.* As already mentioned the target groups of labour market training schemes are adults who are registered as unemployed, but also the labour force in small and medium sized companies. The aim of the labour market training schemes is to improve the prospects of the unemployed for work and to promote readjustments and the survival of companies.



184

**Scheme: 21: Participants of Continuing Education in Norway**




Scheme 22 below shows participants in different labour market training schemes in the period from 1990 to 1995. These were described in chapter 2.

**Scheme 22: Participants in the labour market training schemes. Year averages**

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Labour Market Training | 15,8 | 18,7 | 13,3 | 22,9 | 22,8 | 18,8 |
| Work Practice | 11,9 | 12,6 | 20,5 | 13,4 | 13,5 | 9,8 |
| Substitute Scheme | – | – | 0,5 | 2,6 | 3,8 | 3,3 |

The figures above are year averages and do not give any information of the total number of persons who have participated. For the labour market training (AMO) the total figures were: 1991: 60.400, in 1992: 66.000 and in 1995: 61.166. For the work practice scheme 1995: 26.682 and for the substitute scheme 6.208.

For the *In-Company Training Scheme* it is difficult to estimate the number of participants. The target group is small and medium sized companies with a

maximum of 100 employees. The training of this scheme is tailor-made specifically for the company.

*Participating in voluntary sector.* As indicated above this is a mixed sector but includes leisure-related adult education and cultural subjects. I will address this sector very shortly to indicate the volume of the activities. Following Norwegean publications there were approximately 690,000 in 1991, 1992: 730,00 and in 1993: 730,000.

*Participation in private sector.* In a survey from 1989 (Arbeids- og bedriftsunder-søkelsen – ABU) a sample of 4,000 employees and 2,000 managers asked if they had participated in continuing vocational training the preceding 12 months. 32.9 % answered yes to this question. On the basis of this aNorwegean expert has estimated that about 450,000-500,000 persons in the private sector have participated in some kind of CVT. Another expert has estimated that approximately 1.350 million persons took part in adult education courses. Approximately 45 % participated in work related training, courses organised by private enterprises, branch associations and public suppliers.

### *Who are the participants ?*

Through the Act of Adult Education training and education for the adults were recognised as a public responsibility. Adults should have equal opportunities in the access to knowledge and skills.

Since 1976 much research has been devoted to find out whether adult education funded by the public really provided equal opportunities in the access to knowledge. The results of these research activities indicate that participation in adult education increases with a higher level of initial education. Instead of equalising the educational inequalities, adult education in fact tends to increase them.

This is confirmed in several studies – also in the study from 1989. Those in the highest occupational positions participate more than those in lower positions. People with university and college education have the highest number of course-days. The correlation between educational level and participation is strong. Among those with education exceeding upper secondary level, about 50 % reported that they had participated in CVT. Among those with education limited to lower secondary education, 10 % reported that they had participated. The correlation between level of education and participating in adult education is confirmed in a variety of Norwegian studies.

Participants in CVT during the working hours consists mainly of persons between 20 and 39 years. Men participate more in work related adult education than women, but the gap seems to have been reduced in the period of 1978-1987.

### 3.1.4 Costs and Financing of Continuing Vocational Training

*Costs and Financing Volumes*

The costs of CVT include a variety of different cost components. Normally there may be distinguished between direct and indirect cost components. The direct costs are often limited to the specific costs of taking part in the course, whereas the indirect costs normally cover the costs for travelling, hotels, wages and so on. Estimating the costs of CVT is to a large extent dependent on what types of cost components are included. In some models of estimating the CVT costs the indirect cost components amounts approximately to 60-70 % of total CVT costs.

*Continuing Vocational Training in Enterprises*

There are no official statistics covering this area. In 1983/84 member companies of the Confederation of Business and Industry were asked to estimate their total yearly investments in continuing training. There were a total of around 200,000 employees in the companies taking part in the study. These data showed that the companies had quadrupled their investments from the middle of the 1950s to 1983/84. Estimations show that on average the investments amounted to NOK 2,800 (in 1994-prices) per employee per year. The total investments in training in the private sector in 1983/84 based on this estimation would amount to NOK 4.2 billions (1994-prices). The data of this estimation are outdated, but they illustrate that there are considerable differences between industries and branches. Not unexpectedly the largest investments were found in the oil and electronic industries and the smallest in construction.

In 1992 the Central Bureau of Statistics presented data on "immaterial investments" within manufacturing. The period of 1986-1990 was covered. Of the many subcategories included in the concept of "immaterial investments", the category "investments in competencies" is the most important one in this connection. In 1986 investments per employee were NOK 2,600; in 1988 they were NOK 2,071 and in 1990 they were NOK 2,410. The period was characterised by a severe recession in the economy and this may explain the great reduction in investments in competencies in the same period.

The estimates of the Central Bureau of Statistics imply that total investments in the development of competencies amounted to NOK 3.7 billions in 1990 (1994-prices)).

There are no figures of investments in the development of competencies for the period of 1990-1995. The study of the Central Bureau Statistics also showed that there were substantial differences between the branches. The oil industry invested NOK 18,400 per employee per year. Several traditional industries invested less than NOK 1,500 per employee per year.

*Continuing Vocational Training Financed by the State*

Labour market training schemes represents the largest part of continuing vocational training financed by the state. From the end of the 80s and up to 1995 the unemployment rate has been unusually high in Norway. One of the consequences of this is that the volume of resources allocated to the labour market schemes have also been unusually high. This concerns especially the labour market training schemes. The scheme below shows the total volume of the resources allocated to the training schemes.

**Scheme 23: Total resource volumes allocated to the labour market training schemes in million Nok.**

| 1989 | 1990 | 1991 | 1992 | 1993 |
|---|---|---|---|---|
| 1.939,6 | 2.779,0 | 2.907,6 | 3.164,1 | 3.708,3 |

Labour Market Training (AMO) is the largest of the training schemes. In 1991 AMO represented 76,5 % of the resource volume allocated, and in 1993 the figure was 64 %. This means that the resources allocated to AMO are rather sscheme, whereas investments in the other training schemes are increasing towards the end of the period.

State allocations to the voluntary adult education associations were NOK 210.7 million in 1993. The allocations to the above mentioned associations have been rather scheme in the period from 1992 to 1995. It was estimated that the investment of one "krone" generate three private "kroner". Some experts indicate that the "new" public sector investments in "immaterial activities" in regional, industrial, fisheries and agriculture areas exceeded NOK 600 millions.

*Continuing Vocational Training Financed by Individuals*

There are no data about individuals financing their continuing vocational training. Most of the continuing vocational training taken by individuals is financed by the employer. But there may also be agreements between the employer and the individual on sharing the costs of the training.

### 3.1.5 Mixed Financing Arrangements

*Sources of Funds and Financial Flows*

This area of the CVT is very intransparent and there is little public information on it. It may be difficult to state which actors originally transfer resources to an end user. What at the first glance seemed to be company initiated CVT often is based on some type of public financing from the Labour Market Authorities or other measures for regional or local bodies of the industrial authorities. This especiall concerns small enterprises.

Voluntary adult education associations receive subsidies from the state. Whereas goals of the Act of Adult Education are targeting individuals, the financial resources are allocated to the adult education associations.

The educational fund of the Confederation of Trade Unions – LO is financed in a very special way. All members who are incorporated in areas of agreements have rights to the fund which earlier was responsible for financing a low wage fund. This fund was dissolved but the assets were kept. Through negotiations it was decided that the returns from the previous low wage fund should be used to finance the current educational fund.

In the case of the fund arrangement in the graphical sector, the employer contributes for all employees covered by the graphical agreements. From 1992 NOK 26.25 per week per employee has been paid to the fund. NOK 24.25 are paid in by the employers and NOK 2 by the employees.

*The Role of the Social Partners within the Financing Systems*

In CVT areas where there are established funds the social partners seem to play an important role with regard to both managing and financing the funds. A typical example of this is the kind of educational fund found in the graphical sector where both the social partners are represented. In the educational fund of the Confederation of Trade Unions only one of the social partners is involved.

In following up the work of the Employment Commission establishing principles for "A National Strategy for Increased Employment in the 1990s", another commission (Orskaug-utvalget) has requested the social partners to establish fund arrangements to secure the provision of CVT for the employees.

As mentioned above, in accordance with § 16 in the Basic Agreement between the Confederation of Business and Industry and the Confederation of Trade Unions, the employers have accepted the duty to present the objectives of the enterprise as a basis for charting training needs. This might imply that decisions on financing CVT in the future may be an issue for which the social partners are responsible for taking decisions.

*Attempts to connect Continuing Vocational Training for the Employed and Unemployed*

The unique aspect of the substitute scheme is that it combines CVT both for employed and unemployed. An evaluation of the scheme shows that all partners in the implementation of the scheme – the substitutes, the employees who have been granted leave for the purpose of CVT and the employers – are mainly satisfied with the scheme. The substitute scheme is initially targeting both employed and unemployed.

The In-Company Training scheme BIO may also in some cases combine CVT both for employed and unemployed to prevent unemployment. It is to some extent dependent on what factors caused the need for CVT.

*Examples of "Good Practice" Financing Models*

If "good practice" refers to an arrangement which includes CVT both for the employed and unemployed, the substitute scheme may be an example of good practice not at least because it seems to function well for the involved partners. When "good practice" refers to securing the provision of CVT to the employees I would emphasise the significance of the educational fund of the graphical sector as an example of good practice.

## 3.2 Description of two Financing Models of CVT and FTU in Norway (I. Eidskrem)

### 3.2.1 The In-Company Training Scheme (BIO)

I have chosen the In-company Training scheme – BIO as a relevant model for the project. BIO is interesting because it is a Labour Market Training Scheme which aims at preventing unemployment in the future through training of employees and to some extent also unemployed in companies with special employment problems. The objective of the scheme is thus to reduce the risk of dismissals. The target group of the scheme is small and medium-sized enterprises which are defined as enterprises with 1-20 employees and enterprises with 21 - 99 employees, respectively. In a European context these categories of companies are defined as small companies. In Norway these two categories constitute more than 90 % of the existing companies.

## A *The Position of the Financing Model within the Overall National Structure of the Financing of Continuing Vocational Training*

The In-Company Training Scheme – BIO – is the most comprehensive labour market scheme in Norway which targets enterprises. The subsidies for In-Company Training are granted private enterprises which have a need to improve the qualifications of the employees or to requalify them as part of a readjustment process. A precondition for the granting of subsidies for BIO is that the enterprise has some very special employment problems. The purpose of BIO is thus to support training aiming at introducing new technologies, changes in the product spectre, increasing productivity, and improving sales. The goal is to prevent reductions in employment and lay-offs. A training Committee must be established at the enterprise level with representatives both from the management side and from the employee side. Another condition is that the company must work out a curriculum for the training which must be approved of in advance by the (regional) employment service.

## B *Quantitative Description*

The subsidies for BIO cover a maximum of 50 % of the wage costs during the training period. In addition there are subsidies for working expenses according to specific rates (dependent on the subject areas). Training may last 13 weeks within a period of a maximum of 20 weeks. Subsidies for BIO should not be granted for ordinary training in the enterprise or for general education. Most of the courses last at least one week. 10 % of the courses lasted between 1 and 4 weeks, 26 % between 5 and 12 weeks, 37 % between 13 and 20 weeks and 27 percent lasted more than 20 weeks.

BIO is a training scheme targeting enterprises. The most comprehensive training schemes targeting persons are the Labour Market Training Scheme (AMO) and the Work Practice Scheme (Praksisplasser). The means allocated to BIO have been considerably lower compared to those allocated to the training schemes targeting persons. Means allocated to BIO constituted a greater share of the total expenses to ordinary labour market schemes in the middle of the 80s than in the recent years. This implies that the relative importance of BIO to some extent seems to have been reduced.

**Scheme 24: Expenses for Labour Market Training Schemes targeting Enterprises and Persons in Million NOK, 1985 - 1992**

| Years | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 |
|---|---|---|---|---|---|---|---|---|
| Target Group | | | | | | | | |
| Enterprises | 102.5 | 52.4 | 15.6 | 17.7 | 303.7 | 182.5 | 176.1 | 209.0 |
| Persons | 609.6 | 560.3 | 377.4 | 467.9 | 1939.9 | 2729.0 | 2907.6 | 3154.1 |

As we see from scheme 24 the In-Company Training scheme – BIO – was considerably strengthened in that larger amounts of money are spent on training schemes where enterprises constitute the target group.

*Number of participants*

Scheme 25 shows that the average number of participants in BIO from 1989 - 1991 is increasing.

**Scheme 25: Number of participants in BIO in the period of 1989 - 1991**

| | 1989 | 1990 | 1991 |
|---|---|---|---|
| Average number of participants in BIO | 3600 | 4390 | 4232 |

The participants are mainly males who are more than 20 years of age. Two thirds of the participants at BIO are between 30 and 49 years. Most of the rest of participants are below 30 years and some of them are more than 50 years old.

In the period from 1 January 1989 to 30 June 1991 there were 4112 applications for BIO. 14 % of the applications were refused. Among the applications approved there were on average 15 persons who took part in the training of BIO. 57 % of the approved applications are found within manufacturing.

## C *History of the Model*

The In-Company Training Scheme – BIO – was introduced in the mid 1970s. The purpose of the scheme was (and is) to prevent lay-offs and raise the qualifications of the labour force. The main content of the rules for granting subsides for BIO has been changed to a limited extent. Now (as earlier) the requirement for a Training Committee and a curriculum plan which must be approved in advance still exists.



193

## D Financing Targets

The rules for allocating subsidies for BIO have however to some extent been changed over the years. In the middle of 1983 the basis for granting subsidies for BIO was extended to include recruitment of new employees registered as unemployed at the Labour Exchange Office (Kontantstøtte til bedrifter som øker sysselsettingen ved nyinntak). In 1990 the possibility to use BIO as an alternative to lay-offs was limited. One year afterwards (1991) it was decided that small and medium-sized enterprises (1 - 20/21- 99 employees) should be given priority when allocating the funds for BIO.

In 1989 BIO was to a large extent used to prevent dismissals (60 % of all the cases). Readjustment problems were the reasons for about 35 % of the approved applications for BIO; for the rest the reason was recruiting new people. The change of rules in 1990 made readjustment problems the most frequent reason for the use of BIO: More than 70 % of the applications used readjustment problems as a basis for their application. Recruitment of new people have more often been used as reasons for applying for subsidies for BIO since the beginning of 1990.

## E Financiers of Continuing Vocational Training

There are mainly two financiers of the BIO, the state and the enterprise. As mentioned above, 50 % of the wage costs parts of the working expenses during the training period are financed by the state. This means that the enterprise finances the 50 %of wage costs and the rest of working expenses plus the fees of the courses. If part of the training takes place after working hours, one can say that the employees are co-financiers.

## F Target Groups of the Promoted Measures

As mentioned above the target group for BIO is small and medium-sized enterprises with special employment problems. Enterprises within manufacturing are represented with 50 %, bank and financing with 20 % and wholesale and retail/ hotels and restaurants with 9 %. 60 % of the small enterprises and 40 %of the medium-sized enterprises received subsidies for BIO in the period of 1989-1991.

## G Benefits of the Financing Models for the Participants.

BIO participants have, on average, higher education than persons employed in other private enterprises. On the other hand BIO-participants attend ordinary in-company training financed by the enterprise. This may mean that BIO may

have an equalising effect on participation in in-company training. Research shows that the labour market situation of the BIO-participants has not become worse after BIO and for some participants it has become even better. Seen from perspective of the employees, one can conclude that BIO has had a positive effect. The share of unemployed is low and the employees are less afraid of losing their job. 84 % of the participants reported that they had benefited from the BIO-training. In nearly all cases the employees reported that they were better able to perform their job. In an evaluation study of the employment effects of BIO around 90 % of both managers and employees said that the aim of the subsidies for BIO was readjustment in the enterprise.

The above mentioned study shows that enterprises which are granted subsidies for BIO do not have a significantly different probability for being shut down than enterprises which not have received such subsidies even when controlling for other relevant factors. When controlling for these relevant variables, enterprises which are granted subsidies for BIO for readjustment problems and as an alternative of lay-offs do not either have a significantly different probability of reductions in employment when compared to enterprises which have not received subsidies for BIO. Enterprises granted subsidies for BIO for the reasons of recruitment of new employees have a significantly lower probability for implementing reductions in the employment than other enterprises even when controlling for other relevant factors.

Most of both managers and BIO-participants claimed that BIO had contributed to the realisation of the aim of readjustment. It can therefore be assumed that BIO has had a positive effect on the development of the enterprise, even though BIO does not contribute to mitigate reductions in employment. On the other hand readjustment may often cause reductions in employment, and the enterprises may have become more competitive and thus improved their ability to survive.

### *H Global steering instruments*

The regulations for allocating subsidies for BIO are the most important steering instrument. On the other hand the Labour Exchange Office has the responsibility for approving the curriculum plans and monitors the implementation of training. Subsidies are granted to private enterprises which the Labour Market Authorities consider appropriate for support in a readjustment process and when the enterprises recruit new employees among people registered unemployed by the Labour Exchange Office. Small and medium-sized enterprises are given priority.

The interpretation and the implementation of regulations may vary, and not all instructions seem to be equally strictly followed. According to the regula-

tions the subsidies should be granted to enterprises with special employment problems and should not cover training needs which may be assessed as ordinary. In many cases it may be difficult to judge if the conditions for being granted subsidies for BIO are satisfied. In the evaluation study the enterprises were asked if they also would have accomplished the training without the subsidies for BIO, and if they would have managed to reach the goals of the training themselves without the subsidies for BIO. About 14 % of the enterprises answered "yes" of these two questions. This may therefore mean that they should not have been granted the subsidies for BIO. This may also be interpreted as an indicator of abuse of the subsidies for BIO, but to what extent this is done consciously is hard to say. It is therefore important that the Labour Market Authorities give somewhat more weight to find out if the enterprises really are dependent of the subsidies for BIO.

### *I Comprehensive Assessment*

BIO does not contribute to reducing the enterprises' risk of closure. This may indicate that a training measure of the type of BIO not should be implemented when the employment problems of the enterprises are too serious. According to rules of BIO the enterprises must have "special" employment problems to be granted subsidies, but they should not be in such a situation that they are in immediate danger of being shut down. This will in most of the cases be difficult to judge since the analyses of the evaluation report show that the training measures are implemented two or three years before the enterprises are shut down. The above mentioned analyses do not show any positive employment effects for enterprises granted subsidies for BIO for the reasons of readjustment problems. The results however show that BIO may have a positive employment effect for enterprises granted subsidies for BIO for the reasons of recruitment of new employees registered as unemployed.

The results based on the statements of the managers and participants are, however, positive. Most of them mean that BIO has contributed to the realisation of the goal of readjustment in the enterprise. Seen from the BIO-participants' view BIO has been positive. Most of them have benefited from the training. The share of participants who feel more secure in being able to keep their job has increased considerably after training. Since BIO often targets a considerable share of the employees in the enterprises, this may indicate that the working situation of those who still are employed may have been improved.

The greatest challenge of the BIO model seems to be to judge the situation of the enterprises' "special" employment problems previous to training.

### 3.2.2 The Graphical Education Fund

The Graphical Educational Fund seems to be one of the most developed fund models in Norway. It has existed since the beginning of the 70s and both employer and employee organisations are heavily involved in the management of the fund. The graphical branches have gone through several changes in technology. There is little systematic data available for the description of the Graphical Educational Fund model. It will therefore be difficult to go through all the original aspects for the description of the model.

#### *A The Position of the Financing Model within the Overall National Structure of the Financing of Continuing Vocational Training*

The precursor of the Graphical Educational Fund – the Fund of Additional Education – was established in 1972. An important goal for the fund was to make it easier for the enterprises within the graphical branch and their employees to deal with the new technologies and the new working methods from the beginning of the 70s. The graphical branch was able to foresee the challenges in mastering the new situation and the consequences it was supposed to have for the need of updating and training of the employees in the enterprises.

During the 10 first years of the fund skilled workers within the field of activity of the fund were granted economic support for attending comprehensive additional education with support from the public authorities. Gradually the public authorities understood that graphical enterprises had come so far in the readjustment process that there was no longer a basis for public spending on such school education. The enterprises were forced to see themselves as responsible for training to keep up the special knowledge of their employees.

In order to guarantee good offers of further training it was necessary to strengthen the graphical courses at the upper secondary schools. This applied both to means of instruction, equipment and the qualifications of the teachers. Where the public money did not go far enough, the Graphical Educational Fund granted money for the most necessary things. Altogether this amounted to millions of NOK.

To conclude from this it seems reasonable to say that the Graphical Educational Fund has a relatively autonomous position within the structure of continuing vocational training financement. The will to spend money on strengthening the graphical courses of the upper secondary schools has given the fund and the graphical branch goodwill by the public authorities which has resulted in considerable grants from public authorities.



196

The Graphical Educational Fund seems to have been and still is an important instrument for assistance of the graphical branch through the many shifts in technologies which have taken place from the beginning of the 70s. Without the fund it is presumed that the enterprises and their employees probably would not have been able to tackle all the shifts in technologies in the fairly good way they have when compared to other countries, especially England. I will now give some examples of how the Graphical Educational Fund has been used.

- The fund has supported continuing vocational training for skilled workers for shifts in technologies since the beginning of the 70s. In 1995 the educational network of the branch provided around 6,150 course days for employees in enterprises which pay the levy to the fund and more than 2,200 course days for unemployed people. The fund does not originally include unemployed people, but training is given by the competence centres (in Oslo, Stavanger, Bergen and Trondheim) owned by local unions within the Norwegian Union of Graphical Workers.
- The fund has supported additional education, included in the wage agreements in order to make it possible for unskilled workers to complete their vocational education.
- The fund pays for the reductions in fees of courses for perfectioning courses for unskilled workers who are attending vocational education according to § 20 in the Vocational Training Act to be certified for trades within the branch.
- The fund has supported an experiment with a special secretariat which has conveyed substitutes (Substitute scheme) for employees who have been granted leave for the purpose of participating in courses. The experiment is now institutionalised as a permanent arrangement as a result of good experiences. Unemployed people are hired in the period the original job holders are attending courses. About 50 % of the substitutes are employed by the enterprises which hired them for the period of leave, and some of these have got their periods in the enterprises prolonged.
- The fund has supported measures for raising the competence of the teachers in upper secondary schools offering graphical courses. In this connection the fund has also supported investments in machines and instructional equipment so that the upper secondary schools with graphical courses can offer training with machines and equipment which are fairly up to date.
- Because of the Graphical Educational Fund the branch has had the possibility to take part in the activities of EGIN (European Graphical Media Industry Network) and in project work through COMETT and LEONARDO.
- The fund support joint measures/projects for the branch, e.g. a project for "marketing" chapter 16 of the Basic Agreement on competence development in the enterprises.

In 1987 the *Graphical Institute* was established. The institute is the centre of research and education for the branches. The goal of the institute is to strengthen the branch through measures for raising the competence level, through research, development, courses and by assistance to enterprises and their employees concerning questions of competence. The Institute offers a broad range of courses.

The *Training Council* for graphical trades is engaged in analysing educational needs, developing curriculum plans for the trades and running courses for employees within the branch. Both the Training Council and the Graphical Institute receive economic support from the fund. This is supposed to make them more able to develop competence environments, influence the ministries and give advisory assistance concerning the organisation and content of public educational offers.

### C History of the Model

I will try to outline some main developments of the history of Graphical Educational Fund. In the beginning of 70s the precursor of the above mentioned fund, the Fund of Additional Education, was established. The assets of the fund made skilled workers within the branch able to tackle the use of new technologies. At the end of the 70s a Training Council for the graphical trades was established and new curriculum plans were developed. This work was supported by the fund. Because of large payments in connection with the running of continuing vocational courses the levy of the fund was raised form NOK 2 to NOK 5 plus NOK 1 of extraordinay fees.

In the 80s the centre of continuing graphical training was established at Technological Institute of Norway. The Graphical Institute is established and receives a yearly sum to cover the running costs and the costs of the courses from the fund. At the end of the 80s there was a transition from graphically dedicated equipment to standard technology (PC/Mac). In the course of the 80s the levy of the fund was raised from NOK 5 to NOK 15 per employee per week, and in 1992 it was raised again to NOK 26.25. At the end of the 80s the Fund of Additional Education was united with another training fund within the graphical trades and renamed Graphical Educational Fund. In 1996 the levy of the fund was raised to NOK 40 (NOK 31 - 9).

In the 90s the fund supports both Nordic and European cooperation concerning issues of education and for the exchange of apprentices in Nordic countries. In the future, the Graphical Educational Fund is supposed to be an economic promotion force. This concerns both the work done at central level of the organisations, but shall also contribute to the work of developing knowledge and skills in the individual enterprise. The maintenence of and search for new

knowledge and skills have to constitute an essential part of the culture of the enterprises. The Graphical Educational Fund plan to support these efforts in the future too.

### *D Targets of Financing*

The targets of the Graphical Educational Fund are as follows:

- Raising the competence level of graphical employees
- Support measures for the development of general branch competence
- Support for the competence centres of the branch
- Support for measures which the Training Council of the branch initiates or implements.

### *E Target Groups of the Promoted Measures*

The target groups of the financial model can be divided into two categories. The direct target group benefits directly from the financial model through course repayments. These target groups are as follow:

1. Enterprises within the branch and their skilled workers within the different trades of the branch.
2. Unskilled workers who want to complete their vocational training and be certified for a trade within the branch.
3. Apprentices within the graphical trades.

The indirect target groups are those who are indirectly benefiting from the financial model – the fund and the educational network of the branch. Unemployed people are originally not a direct target group of the fund. On the other hand the unemployed people benefit from the courses run by the local union owned competence centres (AMO). The secretariat hires substitutes for job holders who are granted leave for the purpose of continuing vocational training. In this respect one may say that the unemployed people constitute an indirect target group.

### *F Benefits of the Financing Models for the Participants*

In the 70s and 80s 1,400 skilled workers were granted economic support for a comprehensive additional education. This is supposed to have eased the transition from on working method to another, when compared to what happened in other countries. This is therefore to be regarded as a major benefit for both the enterprises and their employees in the branch.

The upper secondary schools with graphical courses have been strengthened with millions of NOK. Teachers within graphical trades have had better opportunities for additional education than teachers within other trades. The Training Council of the branch – the advisory body for public authorities in all questions concerning the vocational training – has through the economic support from the fund had a greater degree of freedom in its activities than Training Councils in other trades. Cooperation between upper secondary schools, educational institutions and graphical employees and employer organisations nationally and internationally has been possible through the means of the fund. Instructional materials and established course offers for skilled workers all over the country have also been worked out.

The establishment of the Graphical Institute seems to have been the strongest input and the heaviest effort the branch has taken in order to encounter the demands of the future. An essential part of the levies paid in to the fund by the enterprises vary every year according to decisions made by the Board and are transferred to the institute from the employer and employee organisations of the branch.

Unemployed people have benefited from the fund in two important ways. First through the local union owned competence centres and second through the secretariat responsible for hiring substitutes for job holders who have been granted leave for the purpose of training.

## G *Global steering instruments*

The fund is managed by a board consisting of 8 members. Four of the members are appointed by employers' organisations and four are appointed by employee organisations. The board of the fund is responsible for the disposition of the means of the fund. The board works out annual budgets for the activities of the fund. Up to 50% of the yearly paid in levies to the fund may according to the rules be used by the Graphical Institute. Enterprises may apply for economic support from the fund for participation in courses developed and run in accordance with decisions made by the board. Applications are considered by the board of the fund.

## H *Comprehensive Assessment*

The Graphical Educational Fund has from the beginning of the 1980s had a relatively autonomous position within the structure of continuing vocational training. The fund has helped the enterprises and their employees to encounter and master comprehensive readjustments and shifts in technology from the beginning of the 1970s till today. Through the special educational network the fund

has been involved in a wide spectre of activities in order to improve and strengthen the competence of the whole branch.

An important cause of the establishment and development of the fund was that the branch understood early that it was forced to take the responsibility for developing its own competences and prepare the enterprises and their employees for readjustments in the future. The Graphical Educational Fund is unique in Norway.

201

# 4. Netherlands

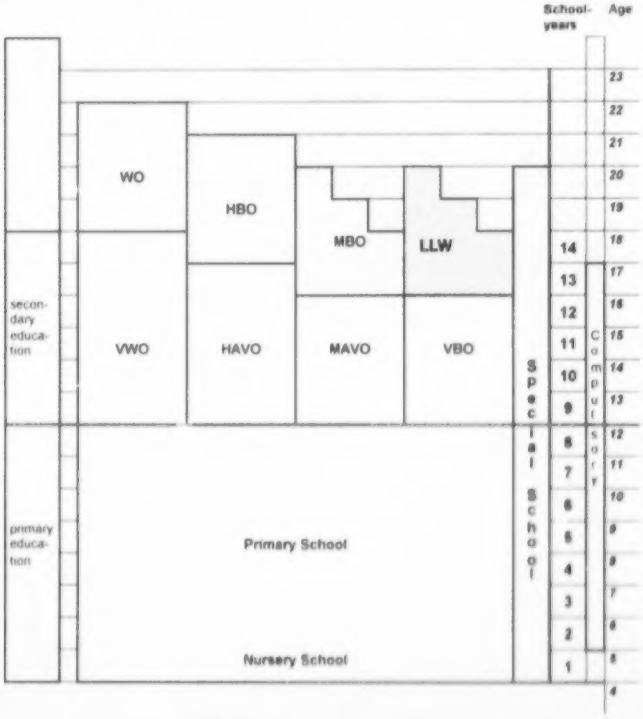
## 4.1 Description of the National Financing System of CVT and FTU in the Netherlands (Ben Hövels, Geert Kraayvanger)

### 4.1.1 The Vocational Training System

*The Position of Continuing Education and Training in the Education and Training System*

Continuing education and training can hardly be seen as disconnected from initial education and training. This is especially true as it regards investments in training, financing mechanisms and the role of various actors in it. It is also true as it regards the need or perceived need for investments in education and training. Therefore we start with a short overview of the qualification structure of Dutch labour force and the structure of the Dutch educational and training systems, which is the main intermediating mechanism for qualifications.

**Scheme 26: Overview of the Dutch Educational System**



## Qualification Structure of Employees

In the last three decades the average number of years of education before entry into the labour market has risen in the Netherlands by nearly four years (3.7 years), with the biggest growth in the sixties (1.6 years), followed by the seventies (1.2 years) and the eighties (0.9 years).

As a consequence, the outflow from full time education has shifted dramatically in the last three decades. School leavers with only primary education have dropped from about 50% to nearly 10% in these years. Above all participation in secondary education shows a remarkable shift from the (pre)vocational track (VBO) to the academic track (MAVO, HAVO, VWO) with regard to both boys and girls. Increasing and longer participation in education is namely due to the choice of this academic track.

The selection after primary education for vbo has diminished between 1980 and 1991 from 33% (boys) and 26% (girls) to respectively 19% and 14%.

After the prevocational or the general track of secondary education, full-time compulsory education is coming to an end. While traditionally influx into initial vocational training (MBO of apprenticeship) came from the VBO-track the last 15 years the participation of MAVO (and even HAVO-)leavers in vocational training (namely MBO) has grown tremendously.

Scheme 27 shows the consequences of these developments for the qualification structure of the labour force by educational level. Because of the subject of this project, a distinction is made between the qualification structure of employed and unemployed.

**Scheme 27: Qualification structure of the labour force, by educational level (1990-1993)**

| | Employed Total labour | | Unemployed | | Labour force | |
|---|---|---|---|---|---|---|
| | 1990 | 1993 | 1990 | 1993 | 1990 | 1993 |
| primary education (bo) | 11% | 9% | 24% | 20% | 12% | 10% |
| secondary general education | | | | | | |
| • mavo/vbo | 25% | 23% | 29% | 28% | 25% | 23% |
| • havo/vwo | 5% | 5% | 9% | 8% | | |
| secondary vocational level (mbo + apprenticeship) | 38% | 39% | 22% | 26% | 41% | 43% |
| tertiary vocational education | | | | | | |
| • (hbo) | 15% | 17% | 10% | 11% | 5% | 17% |
| • university | 7% | 7% | 6% | 6% | 7% | 7% |
| Total (x1000=100%) | 5.613 | 5.925 | 418 | 481 | 6.029 | 6.406 |

The employment structure has changed dramatically the last decades. Especially employment in the financing, insurance and business services sector and the wholesale and retail trade, hotel and catering sector have grown.

It is expected that up to 2015 there will be a further growth of employment in these sectors. Scheme 28 shows the number of employees in each of the main sectors of economic activity in 1990 and 1993.

**Scheme 28: Employment by sector: number of employed persons (1990-1993)**

| | 1990 | 1993 |
|---|---|---|
| agriculture and fishing | 5% | 4% |
| mining and quarrying | 0% | 0% |
| manufacturing | 20% | 18% |
| electricity, gas and water | 1% | 1% |
| construction | 7% | 7% |
| wholesale, retail trade, hotels and restaurants | 18% | 18% |
| transport and communication | 6% | 6% |
| financing, insurance, banking, business services | 11% | 12% |
| other service activities | 33% | 34% |
| Total (x1.000=100%) | 5.602 (=100%) | 5.862 (=100%) |

Scheme 29 combines both the qualificational structure of the (employed part of the) labour force and the sectoral employment structure. It shows in which sectors of economic activity people with different qualification levels are employed.

**Scheme 29: Qualification structure by sector: %**

| | BO/VBO | MAVO/MBO | HAVO/VWO | HBO/university | Total |
|---|---|---|---|---|---|
| agriculture | 14 | 41 | 42 | 3 | 100 |
| energy | 0 | 16 | 65 | 19 | 100 |
| industry | 17 | 31 | 40 | 11 | 100 |
| construction | 16 | 38 | 43 | 3 | 100 |
| wholesale, retail trade | 12 | 33 | 46 | 8 | 100 |
| hotels, restaurant | 15 | 38 | 43 | 4 | 100 |
| transport and communication | 13 | 35 | 46 | 6 | 100 |
| finance | 0 | 21 | 58 | 22 | 100 |
| other profit-services | 8 | 17 | 38 | 36 | 100 |
| non-profit services | 6 | 15 | 41 | 37 | 100 |
| Total | 11 | 26 | 43 | 19 | 100 |

It is important to note that both shifts in the sectoral employment structure as well as restructuring processes (due to technological, organisational and commercial development) seem to have caused an increasing demand for continuing training and retraining since the seventies. At this very moment the rate of unskilled and semi-skilled workers i.e. workers who did not complete any kind of initial vocational training (at the level of mbo of apprenticeship = EU-level 2), is highest in industry, construction, wholesale and retail trade, hotels/restaurants and transport/communication.

## *Structure of the Dutch Educational and Training System*

### *General Education*

In the Netherlands, full-time compulsory education starts at the age of 5 and lasts up to the end of the school year in which the student reaches the age of 16. It is followed by one year of part-time compulsory education of one or two days a week. The part-time compulsory education (at school) can be fulfilled by apprenticeship or by specific general courses for youngsters (part-time compulsory education is until the age of 18).

The Dutch education and training system comprises three main stages in vocational education and training: primary education, general secondary education and vocational education and training. The structure of the whole system is sketched in Scheme 26.

*Primary education* The basic school, i.e. a merger of the former kindergarten and elementary school, cater to children from age 4 to 12.

*General secondary education* is a two track-system. At the age of 12 a choice must be made between three types of academic track and pre-vocational track. The three types within the academic track are distincted by level:

- VWO (Voorbereidend Wetenschappelijk Onderwijs /pre-university education). Courses last 6 years and prepare students for both University and HBO (Higher Vocational Education-courses).
- HAVO (Hoger Algemeen Voortgezet Onderwijs / senior general secondary education). Courses last 5 years and prepare students for Higher Vocational Education.
- MAVO (Middelbaar Algemeen Voortgezet Onderwijs / junior general Secondary Education). Courses last 4 years and prepare pupils for the MBO (senior secondary vocational education) or apprenticeship-courses.

The pre-vocational track is called VBO (pre-vocational education). Courses last 4 years and prepare pupils for one of the streams within the MBO or apprenticeship courses. To be clear: VBO itself doesn't provide for an initial vocation-

al training qualification, but the courses contain some vocational oriented subjects.

It is common to call VBO, MAVO and the first four years of HAVO and VWO the *lower stage* of general secondary education. The last (fifth) year of HAVO and the last two (fifth and sixth) years of VWO are usually called the *upper stage* of general secondary education.

Remarkable in general secondary education is the dominant position of the academic track (MAVO, HAVO, VWO) relative to the pre-vocational one (VBO). The popularity of this academic track has increased in the last three decades.

Above all at primary level as well as at secondary level a separate part of the system exists for handicapped children or children with behavioral and/or learning problems: special education (SO en VSO). VSO itself doesn't lead to a diploma; for the sake of a diploma it is necessary to make an examination for the lower stage of general secondary education.

At this very moment some important innovations in general secondary education are going on:

a) the introduction of a new lower-secondary common core curriculum for the first stage of the lower stage,
b) the streaming of courses in the upper stage, and
c) a restructuring of VBO, among others by introducing a labour market-oriented learning route. Because in this context the focus is on vocational education and training, these will not be elaborated here.

*Initial Vocational Education and Training*

Recently (in 1996) a new Act on Vocational and Adult Education became operative. Secondary vocational education and training contains two tracks: a school-based one and a dual based one. In the Netherlands the school-based track (MBO) usually is called education and the dual track (apprenticeship) is called training, because of the dominance of the school in the former and of the firm in the latter.

Senior vocational education: the school-based track

The school-based track of vocational education/training is in the Netherlands the dominant one: MBO - senior secondary vocational education).

Within MBO, which offers courses for four broad economic sectors , there globally are two training streams:

- *long-MBO:* the 4 year courses which are open to students with a vbo or MAVO certificate. One or more practical work experience placements are always a part of the curriculum. The courses lead to leading craftsman or specialist.

- *short courses in MBO*: these are two year courses, formerly known as KMBO (kort middelbaar beroepsonderwijs (short MBO-courses) which do not have any formal entry requirements, but are meant to qualify at the same level as primary apprenticeship does. The courses lead to forthcoming craftsman. Work experience placements are part of these courses too. The development of these 2 year courses started already (as an experiment) in 1979. At that time, due to the economic situation, there were too few apprenticeship-places available to cater for school leavers without a VBO or MAVO certificate. As an alternative, the short-MBO courses were introduced, which should train young people, through a combination of school-based subject teaching and work experience placements up to a level equivalent to the initial apprenticeship system. All short courses in mbo are based on a modular structure: they consist of so-called certificate modules ('certificaat eenheden'). For each successfully completed module the student receives a certificate. A complete set of certificates can be exchanged for a vocational diploma.

Furthermore, as a part of the system adult-education *part-time MBO* exist: the 2 and 4 year courses can also be taken in a part-time evening class mode (deeltijd-MBO), mostly followed by adults.

Apprenticeship: the dual track

The apprenticeship system offers three levels of training courses, often on a modular basis:

- the 2 or 3 year primary apprenticeship courses. The 1 day school-based part of these courses is provided in specific training institutions (Beroeps Begeleidend – Onderwijs – BBO or CBO-colleges) and the 4 day practical part mostly in firms. Although most of the apprentices are still trained on this 1-4 basis, in the last decade there has been an increase of other kinds of practical training, e.g. by rotating schemes over more than one firm, by the setting in of 'learning-working sites' etc. Courses last mostly (depending on the branch) 2 years for students with a VBO or MAVO certificate, and sometimes 3 years for those entering without any qualification. The length of the courses differs between sectors. The qualification after completing the course is called forthcoming or basic-craftsman.
- the 1 or 2 years advanced courses in apprenticeship, which enable the students to gain the qualification of craftsman.
- the 1 year course in which students prepare themselves for self-employment or specialist.

It has to be pointed out too that, in the Netherlands, almost all of the traineecontracts – by collective labour agreement – are combined with a regular labour agreement, often for the duration of the training period.

*Some figures on participation-rates*

Scheme 31 shows the participation of the specific age-category of 18-years old young people in (regular full-time or part-time) education and training. The difference between boys and girls can especially be found in their participation rate in (secondary) vocational education.

**Scheme 30: Participation of 18 years-old in regular education: per 1,000 of all 18-aged: 1990-1991**

| | boys | girls |
|---|---|---|
| (secondary) vocational education and training | 473 | 393 |
| other regular education | 342 | 339 |
| no regular education | 185 | 268 |

Because of the central focus of this paper we separately present an overview of the number of participants in the various tracks of vocational education and training by sector: (school-based) full-time MBO, (school-based) part-time MBO, and (dual-based) apprenticeship.

**Scheme 31: Participants in (secondary) vocational education and training by sector: full-time and part-time (in 1,000s)**

| | technology | economics | care/services | agriculture | total |
|---|---|---|---|---|---|
| full-time MBO ('91-'92) | 90 | 103 | 72 | 15 | 284* |
| part-time MBO ('90-'91) | 6 | 29 | 9 | 11 | 55 |
| apprenticeship (end '91) | 113 | 25 | 25 | 9 | 172 |
| total | 209 | 156 | 107 | 25 | 512 |

* of which + 30.000 students in short-mbo

Regarding vocational education and training, it can be concluded that the full-time/school-based pathway (MBO) is more important than apprenticeship. This dominance is not only pure quantitatively; the status of (long) MBO is higher than that of apprenticeship both with students and their parents as well as with employers. An exception is short-MBO, which to a big extent has the function of supplying for a vocational qualification in cases that the supply of trainee-places in apprenticeship does not meet the demand.

Within full-time mbo, the economic sector is the largest, followed by technology and the care/service sector. The distribution of students over these three (full-time) MBO-sectors is relatively balanced, particularly in comparison with the (initial and advanced) apprenticeship system and the part-time MBO.

Within the apprenticeship system the technology sector is the largest and within part-time mbo the economic sector is.

### *Continuing Education and Training*

Continuing education and training has traditionally a relatively small place in the educational structure. As a consequence of growing unemployment since the end of the 1970s and technological innovations in the 1980s, an expansion of continuing education is taken place in the second half of the 1980s. In the public sector a lot of measures are taken to oppose unemployment and new legislation was alternating in rapid tempo. The end of this process has been the privatisation (tripartisation) of the Employment Service and a Bill which regulates the whole domain of secondary vocational and adult education, the 'Act on Education and Vocational Education'.

Continuing education and training comprise not only (labour market-oriented) training, but also basic-general and political education for adults. Globally a distinction can be made between three different segments according to different responsibilities as generally agreed on:

- the segment of government including basic-general education (basiseducatie), general adult education (VAVO), and (part-time) courses in secondary vocational education. In addition: the open university
- the segment of the employment service: training and retraining of unemployed and employees who are threatened with unemployment
- the segment of employers and employees: training and retraining of employees.

In the private sector too a growth in continuing vocational training has occurred, both in company training (on the job and off the job, formal and informal) and by training of private institutes.

It is important here to state that the involvement of (both profit and non-profit) firms in continuing training is realised in two distinctive ways: at the collective level of sectors/branches and/or collective labour agreements as well as at the level of the individual firm. Later on we will illustrate this further.

### 4.1.2 Structure of the Continuing Vocational Training System

*Legal Foundations of Continuing Education and Training*

- *The "Act Education and Vocational Education" (WEB)*

Since the 1st of January 1996 the WEB has become operative. After that date most of the previous legislation is no longer in force. This Act concerns (initial) secondary vocational education (MBO + apprenticeship), adult education (VAVO + basiseducatie), as well as some closely related courses (vormingswerk + oriëntatie/schakeling). The Act is aimed at a more integrated and transparent provision of education and training. Compared with the old legislation the WEB is far more decentralised. The main goal of the Bill is to bring more coherence in the different types of education by a national uniform framework.

On the 1st of August 1997 a National Qualification structure for vocational education will begin. In it four qualification levels and two different qualification trajectories are recognised. Furthermore (general adult) education will be categorised in a qualification structure.

A transparent qualification structure is supposed to enhance support from industrial sectors for vocational education. Recognition of qualification trajectories as entry ports for occupations and functions should lead to an increased willingness to invest in vocational education for youngsters and in training of the labour force. Transparency of the qualification structure should be combined with flexibility of pathways to becoming skilled. Both vocational schools, apprenticeships courses as well as informal training on the job should lead towards recognised vocational qualifications. Above all, the new Bill aims at more 'autonomy' for "Regional Educational Centres" (ROC's), where in principle all kinds of (initial and continuous) courses can be offered.

Before 1 January 1998 all existing schools have to find a place for themselves in so-called Regional Educational Centres. The comprehensiveness of these broad school communities is intended to be a guarantee for making 'tailor-made' courses, fitting both the abilities and wishes of students as well as the needs of the labour market. Within the framework of the national qualification structure it is up to the ROC's themselves to decide which learning-pathways they offer. Also they are allowed to offer 'contractual activities' on a commercial basis for the free training-market. There is an important role for municipalities especially in the planning of adult-courses (VAVO + basiseducatie).

- *The Labour Management Act (Arbeidsvoorzieningswet)*

A Labour Management Act has been effective since January 1991. The Bill is based on the premise that the government and the two sides of industry will take joint responsibility for labour management. The Labour Management Boards at both national and regional level consist of representatives of



210

employers' organisations, employees' organisations and the government (tripartite).

The joint administration of labour management also has implications for training policy. The Labour Management Act states that the Tripartite Labour Management Board is to perform a planning function with respect to training and vocational lecture courses for adults. The Central Labour Management Board (CBA) and the Regional Labour Management Boards (RBA's) – totalling 28 all over the country – are to be empowered to decide on the basis of labour market trends what vocational education for adults will be financed by the government. The CBA is able to dispose of its own financial resources, which will be provided by the Ministry of Social Affairs and Employment. It is also able to decide how resources set aside for training in departmental budgets should be used. The departments concerned are Education and Science, Agriculture and Fisheries and Economic Affairs: the money is usually ear-marked for certain types of training and the CBA will decide precisely how it is to be spent. Given the nature of the labour market, the CBA may opt for national distribution or, to give the RBAs scope to spend the resources, for distribution at regional level. The CBA will draw up a national framework policy, in which priorities are set and budgets are made available to the RBAs. These budgets need not be earmarked for training. In this approach the CBA and RBAs determine the need for training. For implementation they will use their own training facilities (CV's and CBB's), whose capacities will be specified. For the most part, however, the local employment offices will contract the training activities out to Regional Educational Centres or other (private) suppliers of training.

More recently, an evaluation has been made of the Labour Management Act. As a consequence Dutch government has proposed a revised Law to Parliament. At central level (CBA) government – as a financing instance – will withdraw from the Board, while at regional level (RBA) tripartite management will remain. Furthermore, at regional level the number of Boards (RBA's) will be reduced from 28 to 15-20. Responsibilities of Employment Services will be more oriented to groups with the weakest position on the labour market.

Finally, it can be stated that the own training centres of the Employment Services will be abolished, i.e. become financially independent, and all training should be bought on the free training market.

### *Non-Governmental Arrangements*

- *Arrangements made by associations and sectors*

In a lot of economic sectors special arrangements for continuing vocational training (retraining and updating training) has been created in the last years. In these arrangements a lot of actors from both inside (employers and employees, unions and branch organisation, institutes for training and so on) and outside

(national and local authorities, providers, monitoring institutes and so on) the sector can be active. Various kinds of cooperation can be created: training networks designing a training policy, arrangements of training, regulation of training supply and demand, creation of funds and so on.

Many branches have created special funds for education, training and development (O&O funds). With these funds they can pay education and training agreed in (for example) collective labour agreements. With these funds it is partly possible to avoid the prisoner's dilemma on training: firms who do not provide training can attract skilled workers from enterprises who do provide training. The income of these funds was estimated some years ago at least 350 million Dutch guilders and expenditures at 290 million Dutch guilders.

Dutch experts state that The sector is found to be a useful category for the purposes of policy and research concerned with CVT. There are four *arguments* which in our view *justify* a sector approach:

- in practice there are major de-facto differences between sectors with regard to training provisions and participation in training; research should clarify these differences and policy should take account of them;
- important collectors of information and databases already have a large amount of information available which is arranged by sector;
- important actors in the policy-making process, particularly the social partners and to some extent the representatives of the educational field are organised along sector lines;
- present-day government policy to a significant degree is directed explicitly towards sectors; good results have also been attained in the past through this approach.

The sector level can play an important role in research, development and fostering initiatives in the field of CVT.

So, in a number of industries, so-called 'Education and Development Funds' (O&O funds) have been established in the past few years. Although at present there are no details available about the size and activities of these funds, it can be said that these funds are becoming even more important. The largest O&O fund is that of the Metal and Electronic industry. The Foundation Education and Development for the metal and electronic industry started in 1983 as a response to the decline in the number of apprentices in the industry. The O&O fund is jointly run by representatives of employers and employees. The aims of the O&O funds are:

- enhancing participation in training and courses, and the improvement of the quality of these courses;
- encouraging youth to take a job in the metal and electronic industry; equalising the costs of training in the industry;
- enhancing CVT.

The O&O funds subsidise

1. training and education;
2. drawing up an enterprise based training plan. Firms that apply can get 50% of their training costs with a maximum of Fl. 500 per employee per course subsidised form the O&O fund (figures for 1992). For special groups, such as female employees, employees over fourty and employees without a VBO-degree, the subsidy is Fl. 650. A firm can get its training costs reimbursed on the basis of a training plan. This plan should be submitted to the O&O funds within two months of approval of the Works Council. The following requirements have to be fulfilled:
   - the training activities have to connect with the human resource and organisation policies of the firm;
   - the plan should refer to special target groups such as female employees, employees over fourty, and employees without a lower VBO-degree;
   - it should be specified how individual employees explicite their interest in a course.

The fund is financed by levying 0.9 % (in 1992) on the average pay of the firms in the industry. The percentage is part of the collective wage agreement of the industry. Of this percentage, 0.6 % is designated for 'skill courses', 0.1 % for advanced vocational education, and 0.2 % for courses in CVT.

In 1989/90, 140 of the total 1500 firms in the industry applied for a subsidy for a total of 9000 individual courses, in 1990/91 135 firms have applied for subsidies for an ad hoc, individual course. Further, in 1990/91 210 firms have submitted a training plan. These 210 firms represented about 105,000 employees of the total of 250,000 employees in the industry.

Other examples:

- One other example is the manufacture of metal products. In the beginning of the 1980 the social partners in this sector agreed on a fund for training in this sector funded by a levy on wages (percentage of the wage-bill) (0.55 %). Furthermore, a educational leave arrangement is agreed. The branches in this sector have worked out and enacted further plans.
- In the sector Transport, employers remit since 1987 a levy on wages of 0.95 % to an O&O fund.
- In the Care sector for old people there also is a fund financed by the national government and the sector. This fund is managed by the social partners. Coherence of educational and training policy and employment and labour market policy are stimulated here.
- In the Education-sector, varied activities were recently subsumed under the same roof, the Participation fund: the allowance agencies, the employment and replacement agencies, the fund for continuing training activities.

It is important to note that most of the O&O funds are based on Collective Agreements (CAO). Exceptions are some special 'sectors', that are not organised along the lines of CAO's, e.g. the 'processing industry' and the 'economic-administrative sector'. To the extent that O&O funds exist in these sectors, they are financed namely by subsiding-measures of government of CBA (e.g. by the BKS-measure).

- *Arrangements made by the social partners*

Collectively agreed arrangements relating to continuing education and training are becoming more and more important in the Netherlands. Regrettably there are few reliable surveys in this field. The inspection of the Ministry of Social Affairs investigated 134 Collective Labour Agreements (CAO's) in the year 1994 and discovered 115 cao's agreements on employment and education and training. 76 cao's contain specific agreements on education and training employees in office. It should be mentioned here, that the O&O funds are mostly based on collective agreements.

- *Arrangements at regional level*

Bringing back problems and responsibilities to regional and local authorities and structures is a national policy in the Netherlands. In both the 'Act on Education and Vocational Education' as well as the 'Labour Management Act' regional authorities and structures take a central position. At regional level ROC's, RBA's and firms are the most important actors in continuing vocational training. Sometimes co-financed by national (CBA, department of Economic Affairs, sector funds), and/or European (ESF) instances, various kinds of regional arrangements are launched. Some are in the domain of initial vocational training (e.g. so-called GOA's: common training activities), some others in the domain of continuous training (e.g. 'werk en vakmanschap' in more than one sector or regional cooperation in 'processing industry'), while there are also mixtures of both (e.g. 'GOA's, which also offer training for employed and/or unemployed people).

It must be added that most of the existing regional arrangements are on a sectoral basis (Branch-region-combinations).

The early attention of the social partners to the topic of CVT must be stressed. For many years collective labour agreements have contained clauses on vocational training, besides the clauses on primary and secondary labour conditions. Obviously, the social partners have recognised the value of continuing vocational training for economy and labour market.

Parties to a collective labour agreement can make use of different possibilities to stimulate participation in educational activities and often do so. These include:

a. the obligation for certain categories of workers to participate;

b. the right to paid or unpaid leave in case of participation;
c. an indemnification for expenses incurred by participation;
   - for the benefit of the workers;
   - for the benefit of the employers;
d. agreements on the worker's position and future in the enterprise after having followed certain courses;
e. maintaining of foundations providing educational activities in the branch. Some collective labour agreements provide for an incidental allowance when a worker gets a certain diploma. Other agreements contain extended regulations on study-expenses, including the collective labour agreements in the hospital and the welfare sectors.

More in-depth analyses of training policy in a number of example sectors demonstrate that *sector training agreements* generally relate to training schemes, training-leave schemes and training funds. In some sectors additional agreements have been reached on spending training funds on specific target groups, such as women, the long-termed unemployed, employees with a low level of education and migrants. The social partners in the sectors concerned have been heavily involved in training. The analyses at the same time make it clear that this involvement leads to highly diverse approaches to training and training infrastructures. Differences between sectors arise, chiefly in the extent to which training policy is linked to vocational-training and employment policy and in the practical impact of training schemes and training funds. Research on the variations in policy and the merits of the various choices made by policy-making actors may be of great importance in bringing about better training provisions.

There is substantial evidence from the practical situation that the *implementation* of sector training agreements at the level of individual firms is an awkward problem for many industry organisations. Smaller firms in particular prove difficult to reach with training initiatives from the sector level. Industry organisations recognise this problem and are developing specific instruments to promote the implementation of training. Broadly speaking, there are two types of instruments:

- instruments aimed at making employers and/or employees aware of the training available in the sector and at encouraging them to make use of it: this is done for example through course catalogues, employing training consultants, subsidy schemes and by providing assistance for firms in devising training plans;
- instruments for bringing the supply of training appreciably closer to the firms, for example by providing courses in the firms themselves, setting up regional training centres and contracting courses out to other training centres in the region.

There has been little research to date to ascertain how effective these instruments are and what mix of instruments produce an optimum effect under different circumstances. Research of this kind in our view could provide valuable information for policy-making.

*The Role of the State in the Field of (Continuing) Vocational Education and Training*

The involvement of Dutch government in continuing vocational training is rather modest and indirect. In general the point of departure is that this field is the responsibility of industry, i.e. of employers and employees. The general philosophy is that the first responsibility of government is initial (vocational) education and training while striving for 'selective flexibility', i.e. to offer a broad and future oriented basis for an occupational and further learning career. That is to say: initial training (responsibility of government) as the basis for continuing training (responsibility of industry).

Nevertheless in practice the involvement of government in continuing vocational training should not be ignored:

- in offering most of the budget for the Employment Services,
- in stimulating (also financially) training-efforts by branches and firms,
- in offering opportunities for 'second-chance'-students and so-called 'newcomers in Dutch society' (ethnic minorities, fugitives from abroad).

Sometimes is not quite clear whether the courses are of a general nature or of a (more or less direct) labour market-oriented nature (e.g. by public money paid courses in Dutch language).

Above all, it is not only the department of Education, Science and Culture which contributes; also the departments of Agriculture, of Economic Affairs and of Welfare and Health contribute in specific areas to continuous training.

### 4.1.3 Quantitative Overview of Continuing Education and Training

*Sources of Data and Information*

There are no comprehensive statistics on continuing education as a whole in the Netherlands. The most important sources of data and information on continuing education include:

- Centraal Bureau voor de Statistiek (1995). Bedrijfsopleidingen 1993. Particuliere sector. Den Haag: CBS.

- Centraal Bureau voor de Statistiek (1995), Sociaal-Economische Maandstatistiek, 10, p. 22 - 26 (Training policies of enterprises in the private sector in 1993). Den Haag: CBS.
- Centraal Bureau voor de Statistiek (1995), Volwasseneneducatie. Statisch overzicht 1993. Den Haag: CBS.

Supplementary information can be found In:

- reports of the 'Organisatie voor Strategisch Arbeidsmarktonderzoek'(OSA)
- reports of the 'Sociaal en Cultureel Planbureau' (SCP)
- Derksen, W. (1995), Bedrijfsopleidingen in Nederland. ESB nr. 4029, 18 oktober
- "Gids beroepsonderwijs en volwasseneneducatie"
- Yearly reports of CBA
- Yearly 'sociale nota'-reports of the Ministry of Social Affairs and Employment

*Suppliers/Training Providers*

The supply side features a variety of training providers and their institutions.

- *Continuing training education assisted under the 'Act on Education and Vocational Education'*
  As mentioned above, the *Regional Educational Centres (ROC's)* are supposed to play the most important role in these sectors (in the near future the aim is to have – after finishing the restructuring process – ± 50 ROC's. Firstly, their role can be described by their possibilities to offer training on a commercial basis for the free training market ('contractactiviteiten'). Secondly, ROC's supply courses in general adult education (vavo), basic education (basiseducatie) and part-time secondary vocational education (part-time mbo and – advanced – apprenticeship-courses).

- *Continuing education stimulated through the Central and Regional Bodies of the Employment Service*
  The Employment Service has their own training centres, the *Centres for vocational training (Centra vakopleiding, CVs)* (at this very moment ± 70). These were introduced more than twenty years ago. They are to be regarded as the internal training centre of the local employment offices. The target group of the Centre for vocational training consists of job-seekers of all ages that can not be given a job referral without retraining. About 25.000 persons a year participate in the centre. In the technical centre, 37 % of the participants are younger than 25 years. In the administrative centre, this percentage amounts to 25 %. In the administrative training centre, 70 % of the qualified participants find a job; in the technical training centre this percentage increases to 80 %. Early school

leaving percentages for the CVs amount to 22% (administrative) and 40% (technical). The net effect (the percentage of participants that finds a job, lowered by the percentage job-finders of the control group) is estimated at almost 50%. The entrance from preparatory tracks such as the Centre for vocational orientation and practice (CBBs) and basic education is problematic.

- *Centre for Vocational Orientation and Practice (CBBs).*
  The Centre for Vocational Orientation and Practice (centra voor beroepsoriëntatie en beroepsoefening, CBBs) aims to improve the position on the labour market of people who, because of social or cultural circumstances, are in a disadvantaged position and for whom no existing training (e.g. the Centre for vocational training) is sufficient. Courses aim to enlarge knowledge, skills and social resistance. They generally consist of an orientation period of 8 weeks and a practice period of 12 months at the maximum. The average duration is five months.

  The roughly 22 Centres for Vocational Orientation and Practice are administered by the local municipalities. Until 1995 there was a structural capacity of 3,460 places a year financed by the department of Social Affairs and Employment. Since 1995 it is up to Regional Employment Boards to decide whether to subsidise municipalities for this purpose or not. In 1993, the number of participants was estimated at 9,000, in 1994 approximately 11,000 people participated. About 38% of the participants are 24 years of age or younger. More than 70% of the participants have been unemployed for more than one year. Research has shown that the CBB is particularly effective for ethnic minorities, elderly people, less educated, and long term unemployed people. About 50% of the participants find a job after following a course. Half of these people think that they would not have found the job if they had not followed the course. The connection to further education as offered by the Centre for vocational training is regarded as problematic.

  These centres – until recently more or less a part of the employment offices, i.e. of the regional employment boards – are at this moment under pressure because of the demand to function more market-oriented and financially independent. Above all their position in the regional training arrangements is in most cases not so clear. This applies in particular to their position vis-a-vis the actor who will become the most dominant at regional level: ROCs, which are also offering courses on the free training market.
  Lastly, it must be stated that RBA's can buy training from the free training market, including ROC's and private institutions. In the near future they will be forced to do this more and more.

- *Private training providers*

  Private training providers can be categorised as 'recognised' and 'non-recognised' institutions. The first category is formally 'recognised' by the WEO-Law (Wet op de Erkende Onderwijsinstellingen) as a quality-guarantee for the consumer. In 1991 about 200 private institutions (for both written and face-to-face courses) are formally recognised. The number of non-recognised private institutions is a many-fold of this and these are very heterogeneous. The turnover of the private providers of training in 1991 is estimated at 1.2 to 2 billion (Bea, 1992)

- *Employer-sponsored continuing training*

  A very important category of training is employer-sponsored continuing training.

  At this very moment available statistics do not allow for the distinction between different roles played by the firm as the providers of continuing training. At most a distinction can be made between external and internal training.

In a survey on employer funded training data were collected about the amount and kind of training activities of enterprises in the private sector and data about training policies of these enterprises. Information on the amount and kind of training is published in 'Bedrijfsopleidingen 1993, particuliere sector'. The results on training policies are presented in an article Training policies of enterprises in the private sector in 1993.

Almost half of all enterprises in the private sector made some kind of training effort in 1993. There is a close relation between enterprise size and training activities; the bigger the enterprise, the higher the probability that employees undergo some training.

Most of the enterprises with training activities had no real training policies. This was especially the case with smaller enterprises. Enterprises with 500 or more employers were all active in training and had for the most part systematic training policies as indicated by budgets for training, training plan and personnel devoted to the management and delivery of training.

Six out of ten courses are provided by external institutions of which private institutions and branch-institutions are by far the most important.

**Scheme 32: Proportion of various providers of employer-sponsored training by internal and external courses**

| | total | internal | external |
|---|---|---|---|
| Private institutions | 35 | 26 | 52 |
| branch-institutions | 11 | 5 | 23 |
| regular educational institutions | 4 | 2 | 9 |
| other institutions | 6 | 5 | 8 |
| delivery-firms of technical equipment | 3 | 2 | 6 |
| own firm | 41 | 59 | 2 |
| sum | 100 | 100 | 100 |

*Contents/Subjects*

According to the CBS-survey on 'Employer sponsored training', economic (including business administration and management), administrative (including automation) and commercial programs appear to have the largest share (49%). Within these sectors commercial programs, computer programs and business administration and management programs had percentages of 15, 13 and 12 respectively. Technical programs scored 22%.

Economic courses were popular in the sector Hotels and restaurants, administrative courses in the sectors Wholesale and retail trade and Financial intermediation and commercial courses above all in the sector Financial intermediation. Technical courses often are found in Construction and in Manufacturing (CBS, 1993).

The CBS survey only gives an impression of employer sponsored training. Taking the broad field of adult education, continuing vocational education as well as general education by the number of participating persons, Herweijer (1995) shows that in 1991 37% of the total Dutch population of 16 years and older was participating in one or another kind of continuing education and training. The participation in direct labour market-oriented courses is smaller (18%) than the participation in non-direct labour market-oriented courses (26%). (See also scheme 34).

*Participants*

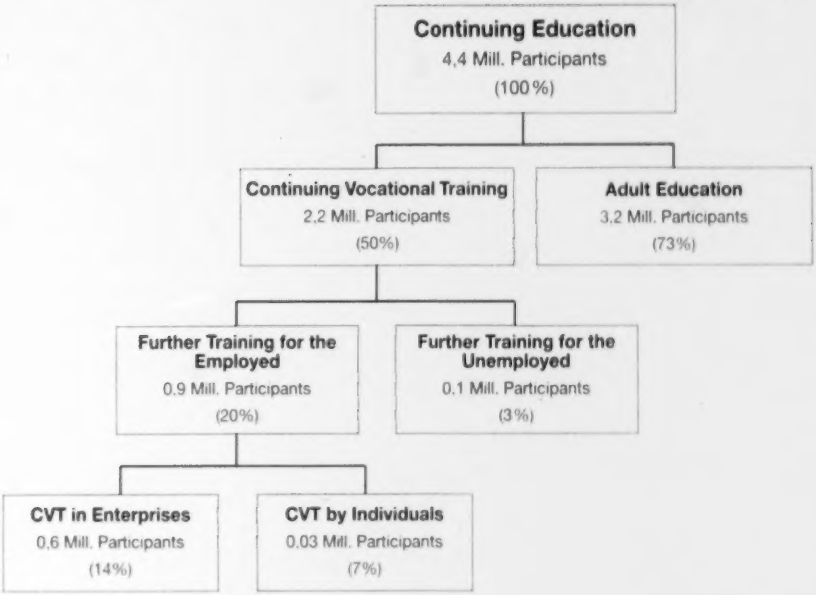
The available statistics show that adult education and continuing vocational education have expanded constantly in the last fifteen years in terms of number of participants.

The overall national participation rate of people older than 16 years in adult education is 37% in 1991. 18% of the people older then 16 are following some form of continuing vocational education.



220

**Scheme 33: Participants of Continuing Education in the Netherlands**




**Scheme 34: Participation of 16 years aged and older in continuing education and training: 1979-1991**

| | 1979 | 1983 | 1987 | 1991 |
|---|---|---|---|---|
| labour market-qualifying courses | 10 | 11 | 13 | 18 |
| non-labour market-qualifying courses | 19 | 22 | 23 | 26 |
| Totally | 26 | 29 | 31 | 37 |

In comparison to men, women are somewhat underrepresented in continuing vocational education, but women are taking more general education. The national participation rate of men is 22 %, for women this is 15 %. The most important target groups for continuing vocational education are the age group of 16 to 24 and the group of 24 tot 34. Their is a clear correlation between the educational level and participation in continuing vocational education. The highly skilled are participating more in continuing vocational education.

Quite striking is the high participation rate of ethnic minorities. Especially the participation rate of people from Surinam and the Antilles and remaining minorities is high. The qualification level of these people must be upgraded.

Regarding employer-sponsored training the following can be observed:

In 1993 45 %of all enterprises in the private sector with 5 or more employees made some kind of training effort. There is a high correlation between the size of a enterprise and training activities. The probability that employees are active in training are higher the bigger the enterprise. Of all enterprises with 5-9 employees 31 % had training activities, while all enterprises with 500 or more employees were active in training.

There are large differences in the rates of participation found between size classes and between sectors of economic activity. The percentage of employees participating in courses increases strongly with the enterprise's size. The sectors Financial Intermediation, Transport and Communication, Electricity, Gas and Water show a much higher than average participation. The sectors of Agriculture and Fishery, Construction, Hotels and Restaurants show a relatively low participation. The degree of participation of male employees (26 %) differs slightly from female participation (22 %).

### 4.1.4 Cost and Financing of Continuing Education and Training

*Cost and Financing Volumes*

The following scheme 35 shows (an estimation of) the total expenditures for continuous education and training by institutional source of expenditures.

**Scheme 35: Total Expenditures of Continuing Vocational Training**

| | | |
|---|---|---|
| State[1] | f.1.2 billion | (1991) |
| Employment services | f.0.7 billion | (1994) |
| Enterprises | f.3.6 billion | (1993) |
| Participants * | f.2.2 billion | (estimation) |
| Total | ≈ f.7.7 | (+ expenditures by participants) |

* Data can only be estimated

The total expenditures for continuous education and training in 1988 were already estimated to be 6.4 billion. The participation of individuals and of firms has grown since then. Therefore it can be expected that the total expenditures are much more than can be derived from scheme 45; above all the expenditures by participants themselves are not counted.

The following scheme 36 shows the trend in expenditures by firms.

**Scheme 36: Total Expenditures of In-company Vocational Training**

| | 1986 | 1990 | 1993 |
|---|---|---|---|
| absolute | f. 2.2 bill. | f. 3.0 bill. | f. 3.5 bill. |
| proportion of labour costs | 1.5% | 1.7% | 1.7% |

*Continuing Vocational Training in Enterprises*

The CBS-survey on 'Employer sponsored training' has collected information on costs only with respect to internal and external courses. Training in work situations and other training activities are excluded. In 1993 enterprises spent 3.5 billion guilders on internal and external training. This sum includes costs of lost working time, training departments and staff, fees of training institutes and compensation of study fees, travelling and lodging expenses. The costs of courses as a percentage of the labour costs were 1.7%. This percentage increases strongly with the size of the enterprises (small enterprises 0.7, medium-sized enterprises 1.3 and big enterprises 3.0). There are also large differences per sector of economic activity. The highest relative expenses are found in enterprises in the sectors of Financial Intermediation and Transport and Communication. The sectors of Agriculture and Fishery, Construction and Hotels and Restaurants show relatively low expenses. Scheme 37 offers an overview by sector and by size of the firm.

**Scheme 37: Cost of courses, 1993**

| | | Size of firm (number of employees) | | |
|---|---|---|---|---|
| | | 5-99 | 100-499 | 500 and more |
| | | | mln. gld. | |
| Total | 3515 | 573 | 615 | 2327 |
| *Sector* | | | | |
| agriculture and fishing | 9 | – | – | – |
| mining and quarrying | – | – | – | – |
| manufacturing | 1031 | 122 | 218 | 691 |
| electricity, gas and water | 75 | – | – | – |
| construction | 151 | 63 | 47 | 41 |
| whole sale, retail trade, | 391 | 159 | 93 | 139 |
| hotels and restaurants | 22 | – | – | – |
| transport and communication | 707 | 30 | 33 | 644 |
| financing, insurance, banking | 549 | 16 | 39 | 494 |
| other service activities | 528 | 169 | 135 | 224 |

Between 1990 and 1993 the costs of courses for enterprises with 500 or more employees only increased with 2 % per year. The expenses of small enterprises rose considerably more, however. Consequently, the difference between big and small enterprises became slightly smaller.

### *Continuing Vocational Education and Training Financed by the State*

The two central financing models result from the 'Act Education and Vocational Education' and the 'Labour Management Act'.

Expenditures by state (i.e. Department of Education, Culture and Science) in 1991 are counted as follows:

**Scheme 38: Expenditures by State**

| | |
|---|---|
| basic education (basiseducatie): | f 78 million |
| general adult courses (vavo): | f 24 million |
| • part-time higher education: | |
| • part-time hbo/university | unknown |
| open university | f 72 million |
| specific courses (vormingswerk) | f 63 million |
| vocational courses | f 169 million |
| Primary Vocational Adult Education | f 17 million |
| apprenticeship (basic and advanced courses) | f 493 million |

The 'Act on Education and Vocational Education' has three financing models, one for the adult education, one for the national bodies ('landelijke organen') and one for the vocational education. More than before performance of the institutions will be the central issue.

The financing model for the adult education will stay the same as it has been until now. A national appointed budget is distributed over local areas (WGR-gebieden) on the basis of the a number of adults, taking into account the educational levels of the inhabitants and the position of minorities.

The ideas concerning the funding of the 'national bodies' are still global. The most ambitious is the financing model concerning the vocational education. Institutions only get money according to performance. First it regards the appeal to and the recruitment of participants, especially those of 'lower' segments. Secondly output in the shape of certificates forms a test of performance. Thirdly it is possible to grant an additional amount for disabled and to differentiate in groups of participants.

Continuing vocational training for the unemployed is regulated by the Central and Local Employment Services. The budget of these institutes is to a large

extent covered by national taxes and is delivered by the state. The expenditures of the Employment Services for continuing vocational training is about f. 7,500 million.

Scheme 39 shows the expenditures by the Employment Services.

**Scheme 39: Training-efforts by Employment Services**

| | number of institutions | number of trainees | number of trainee-places | budget |
|---|---|---|---|---|
| Vocational Training Centres (CV = Centrum Vakopleiding: | 70 | 25,000 (1993) | 8,868 (1994) | f. 240 mill. (1994) (excluding building) |
| Centres for Vocational Orientation and Preparation (CBB = Centra voor Beroeps orientatie en Beroepsoefening) | 22 | 9,000 (1993) | 3,204 (1994) | f. 42 mill. (1994) |
| Women Vocational Schools (VVS = Vrouwenvakscholen) | 11 | 1,000 | – | f. 10 mill. (1994) |
| Framework Regulation Training (KRS = Kaderregeling scholing) | -1 | 72,000 (1993) | – | f. 160 mill. (1994) |
| Framework Regulation Sector Based Training (KBS = Kaderregeling Bedrijfstakgewijze scholing) | -2 | – | – | f. 240 mill. (1995) |
| Regional Regulation for Subsidies (Regionale Subsidieregelingen) | -3 | 7,000 (1994) | – | f. 82 mill. (1994) |

1. Regional Labour Offices (RBA's) have the opportunity to hire training offered by external institutions like firms, training institutions of a branch, schools, or private training institutions.
2. Contributions to training initiatives of social partners pro branch, aimed at supporting apprenticeship and training of unemployed.
3. Subsidiary-measures launched by Regional labour offices themselves, in most of the cases aimed at training.

The Employment Service is confronted with reductions of its budget. Therefore from 1994 on training in the administrative sector (until now within the CV) will be bought at the external training market. Furthermore the budget for CBB is in 1995 reduced from f. 42 million to f. 34 million. And in 1995 the budget for KRS and regional subsidies will be combined into a common budget of f. 97 million.

The KBS will – after a transition period – be abolished. In 1996 there was a reduction of government financing of training and employment efforts of firms which offer a trainee place for apprenticeship (only if the trainee doesn't earn

more than 130% of the minimum wage) or offer jobs for long-term unemployed and low-paid employees. The government budget for the new contribution-based measure for the apprenticeship component is f. 400 million each year.

### *Continuing Vocational Education and Training Financed by Individuals*

There are no valid statistics available for the total amount of continuing vocational education and training financed by individuals. The part financed by individual persons in all kinds of private distance-courses seems to be rather important and can be estimated at 1 billion. We estimate the total amount of financing by individual persons at about 2.2 billion.

### *Financing by collective labour agreement: O&O funds*

As mentioned before, several collective labour agreements have arrangements on funds for training and development. These funds are generally known as O&O funds.

In 1989, 54 collective labour agreements had arrangements for the foundation of such funds. They are to be considered an example of the well-known bipartite funds existing in nearly all sectors called into existence by the social partners. They can be used to finance different activities in the particular branch of industry, such as information, research, employment of unemployed, training etc. Sometimes special O&O funds have been founded for the last activity only, but in other cases O&O activities are being paid out of general funds at sector level. Examples of sectors with special O&O funds are (1990) agriculture, metalwork, printing trade, building industry, metal industry, transport. Sometimes special O&O funds for subsectors have been founded, for instance for garages within the sector of the metalworking industry.

The funds mentioned are being financed by a levy on the average pay paid by the employers in the particular sector. Arrangements for such a levy are made in the appropriate collective labour agreement. Between 1975 and 1985 these levies on average rose from 0.2 to 0.64 %. One might assume this rise was caused by the increase attention to training. In some sectors the levy has been put at 1.5 % (1990). The new Employment Service tries to stimulate sector level training by laying down rules for subsidies to be given for such training. They aim at job-seekers for whom training is being organised by a bipartite body on sector level. The government also provides subsidies, for instance for training to improve professional skills of young workers. Such subsidies are directed through bipartite funds which actually will be financing the said activities.

**Scheme 40: Overview of the O&O funds**

| | Scheme | | |
|---|---|---|---|
| Economic activity | Number of social funds | Number of O&O funds | Number of employment funds |
| Agriculture | 1 | 1 | — |
| Manufacturing | 9 | 12 | 3 |
| Building | 3 | 6 | — |
| Trade/Hotel | 13 | 3 | 1 |
| Transport | 1 | 2 | — |
| Banking, insurance | — | 1 | — |
| Other | 3 | — | — |
| Total | 30 | 25 | 4 |

*Mixed Financing Arrangements*

As mentioned before, the expenditures of the different actors can only be estimated. Especially in the Dutch case at least two remarks seem to be very important:

- it is hardly possible to estimate the expenditures by individual participants. Both a lack of statistical data in this respect and an estimate would depend on what (kinds of) individual costs are perceived as of relevance.
- the role of social partners at the branch level has become more and more important in the last 15 years. Especially the position of so-called O&O funds is an interesting one.

Attempts to combine continuing vocational training have been launched for the first time at the end of the eighties, especially by the so-called 'PIB-Noord-Project'. This project contains a 4-year experiment between 1988-1991 in the north of the country co-financed by the department of Social Affairs and Economic Affairs. Two main components of the project were:
a) A relatively intensive training of employees of firms by educational leave.
b) Stimulating unemployed persons to acquire work experience.
The latter is realised by replacement of the 'educational leavers' for the time they leave for training.

The project budget was f. 2 million. Participating firms received f. 100 for each day of training of their employees during work-time. To get the money, firms were obliged to recruit an unemployed person for each day. An interim evaluation of the project is described in Bartels, 1990. The evaluation was rather positive. Until now it is not clear why exactly the experiment has ended and not been continued.

More recently, interesting mixed models for financing training of employed and unemployed could be derived from initiatives taken by O&O funds, which are more or less co-financed by other instances (at regional or at national level).

## 4.2 Description of the Financing Models of CVT and FTU in the Netherlands (W. Boonstra, B. Hovels, G. Kraayvanger)

### 4.2.1 The Training and Employment Policy of the Foundation for Education, Training and Development in the Metal Industry (Stichting Opleiding Ontwikkeling Metaalbewerking (Stichting OOM)

#### *A The Position of the Financing Model within the Overall National Structure of the Financing of Continuing Vocational Training*

In the metal industry a number of activities are undertaken to support education and training of working and unemployed people. These activities are based on Collective Labour Agreements (CAO). A financial arrangement has also been agreed concerning these activities.

Both social partners (employers and labour unions) on the managing board of this educational fund.

Furthermore on the national, regional an local level there are arrangements with the Employment Services about the financing and implementaion of educational activities regarding the unemployed.

This training fund (OOM = O&O fund) is a good example of educational and training activities governed and financed by the social partners. The companies in this branch remit a levy on pay to finance training activities. The commitment to contribute is contained in the collective labour agreement (CAO). Besides the levy, OOM generates income through national and European subsidies.

#### *B Quantitative Description*

*Quantitative Description of the Branch Metal Industry*

About 10,000 companies in the metal industry are affiliated in the foundation OOM. These companies employ about 120,000 workers. They are characterised as medium-sized and small businesses. 75 % of these companies employ less than 50 employees. Next to 40 % offer work to 0 to 10 persons. These companies are engaged in diverse activities in metalworking.



229.

*Financial Contributions*

The companies in this branch remit a levy on average pay to finance training activities. The commitment to contribute is contained in the collective labour agreement (CAO). The term of this CAO is from 1 January 1994 up to and including 31 December 1998. The contribution is fixed at 0.55 % of average pay per annum. This percentage is composed as follows:

- 0.25 % for of the apprentice system,
- 0.2 % for updating training arrangements,
- 0.1 % for employment schemes.

Other resources of the training fund are:

- The Contribution Scheme Branch Specific Training for Persons Looking for Work (Bijdrageregeling Bedrijfstakgewijze Scholing Werkzoekenden, BBSW),
- The Subsidy Scheme ESF objective 4: 'Training for the Preservation of Employment'.

*Spectrum of Promotional Measures, Services and Activities of OOM*

The aim of OOM is to maintain, to stimulate and – if necessary and if possible – to improve professional skills in a qualitative way. To achieve this, companies are advised to handle training as a 'strategic instrument'.

Another aim of OOM is to contribute to sufficient and adequate (quantitative and qualitative) entry to the branch. To achieve these aims activities are undertaken in three areas. All these activities are supported with public relations and research. The areas are:

- *the apprentice system*

In the year 1994/1995 1,780 young persons started an apprenticeship training. The employer has a right to claim an OOM-contribution during at most two years for an apprentice and for a maximum of 5 apprentices. He receives f 5,000 per annum for the initial professional training and f 2,500 per annum for the secondary professional training. Initial professional training off the job is supported with an allowance of f 10,000. Moreover the employer can apply for support from the government. This measure can result in a allowance of f 4,500 for an apprentice (on the condition that he or she does not earn more than 130% of the minimum wage).

To stimulate the influx of girls into the branch employers can get an additional payment of f 2,000 when they conclude a 'study- and labour-contract' with girls. Moreover OOM makes resources available to promote the influx and the guidance of minorities and disabled persons. In favour of this group of pupils a maximum of 150 % of the usual OOM-contribution is available. OOM provides a bonus of f 1,000 to apprentices when they have graduated.

- *updating training*

OOM subsidise the costs of courses up to a maximum from f 150 up to f 200 a person a day. The costs of travelling, accommodation and loss of earnings are for the account of the employer. In 1995 OOM contributed for 61,130 days of educational leave. Practically this means that about 30,000 employees have been trained. In addition to its own means OOM has used for this scheme European subsidies like ESF-4 and ADAPT.

- *employment*

Since 1988 OOM has carried out projects in the field of employment. In this way in 1995 614 persons received work in the branch. Mainly in association with the Employment Service, in the last few years projects have been started to contribute to the improvement of the influx of 'junior skilled craftsmen'. It appeared that one special project on employment was not enough. Therefore OOM has to find flexible arrangements to match supply and demand. Because of these projects OOM expects that the number of posted persons looking for work will be stabilised in the following years at about 600 a year.

Financial support for the initiatives on employment come from two sources:
- the own finances of OOM (0,1 % of the levy)
- the Contribution-scheme Branch-specific Training of Persons looking for work (Bijdrageregeling Bedrijfstakgewijze Scholing Werkzoekende, BBSW) of the Employment Services.

To bring the employment projects and other activities of OOM to the attention of employers and (future) employees OOM distributes various publications (magazines, leaflets) and participates in various events, for instance job- and training-markets, employment events, open days organised by schools, and so on.

Thanks to the experience and the suggestions of OOM's training consultants three instruments have been developed:

- *an individual scheme on training*

Training takes at the most 26 weeks. On the basis of the training scheme, the training level, the age and the period of unemployment OOM allows an encouragement bonus to the participant. This bonus can vary from f 1,000 up to f 3,000 per trained person looking for work.

OOM does not receive subsidies for this individual employment scheme and therefore it finances this training from its own resources.

- *a collective scheme on training*

The trainees take the training program without loss of the unemployment benefit. In most cases training takes place in a Centre for vocational training, technical sector (CVT). The average length of a training is half a year, depending on

the level of the candidates. The job-seeker in the meantime gets acquainted with the enterprise by means of a practical. After training the job seeker enters the enterprise at the initial level of the primary apprentice system.

The Employment Service provides OOM with a subsidy in case of such a collective employment scheme. In 1995 f 2.8 million was paid (from the BBSW). For each trained job-seeker an amount of f 7,000 is available. This amount is allocated to the costs of training. OOM provides a bonus of f 7,000 to candidates who finish the training successfully and subsequently get employment in the enterprise.

- *a structural scheme on training*

In the case of the structural scheme, OOM investigates the situation on the labour market beforehand. In this research employers are asked for information about the need for training and level of vacancies. The vacancies are subdivided into filled, acute and long term vacancies. On the basis of this research one gets into action by visiting interested enterprises and collecting concrete declarations of intent. Subsequently OOM and the Employment Service together develop concrete activities to comply with the needs of the enterprises, for instance training facilities.

Depending on supply and demand in a district collective and/or individual employment schemes are started.

By now similar research has been done in quite a few districts and OOM is obligated to do research yearly in each district.

On the basis of the information of these investigations a working procedure is fixed in which cooperation for that year is described:

- the relevant contact-persons,
- the number of persons OOM will instruct,
- the number of participating enterprises,
- the procedures for management and administration,
- the possiblities to finance the measures,
- the possible financiers.

The Employment Service contributes to the costs of the collective employment schemes (the BBSW contribution). In the so called BBSW policy plan the number of people that will be trained in that year in a district is fixed. If there are more people trained in a particular district than agreed in the policy plan the Employment Service can make the decision to finance this additional training with its own resources, in some cases supplemented with the resources of OOM.

In addition to the Employment Service other parties can play a role in the implementation of a structural employment scheme. Depending on the project this can be an agency for employment-finding, an organisation for minorities, and so on.

## C History of the Model

The foundation 'Education and Development Fund in the Metal Industry' (OOM) has been created by employers organisations and labour unions in the metal industry. Technological and social changes provoked the creation of this fund. Stimulating education and training in this branch of industry is the major task of OOM. OOM is governed by representatives of the social partners in the branch. The aims of the foundation are specified in the collective labour agreement.

## D Targets of Financing

Three targets of financing can be distinguished.

*The apprentice system*

OOM yearly provides a contribution to employers to support training on the level of junior skilled craftsman. It applies to those employers who employ and train an apprentice 'on the job' within the framework of the apprentice system.

*Updating training arrangements*

Updating training is seen as an important means to keep up to mark or, if necessary, to improve the professional skills of employees. OOM grants subsidies to stimulate participation in updating training. Employers and labour unions have agreed on an arrangement for educational leave. According to the CAO (collective labour agreement) an enterprise can claim each year just as many days of educational leave as they employ persons. This right is a collective one. That means that enterprises can work out their own plans, for instance to spend more days on educational leave for only one employee. The maximum duration for subsidy of such courses is fixed on five days.

*Employment*

OOM is also stimulating the influx of new employees in the branch through initiatives in the field of employment. The aim is to offer persons looking for work a chance in the metal working and to offer employers a well trained and motivated employee.

## E Financiers of Continuing Vocational Training

Because of the participation of the Employment Service this project is a mixed financial arrangement. This project is concentrated on the medium-sized and small businesses. The OOM- fund is financed mainly by three financiers.

1. Most important are the enterprises in the sector. They remit a levy on the average pay to finance the training activities. The commitment to contribute is contained in the collective labour agreement (CAO).

Besides the levy OOM generates income through national and European subsidies.

2. The Employment Service contributes through the Contribution Scheme Branch Specific Training of Persons Looking for Work (Bijdrageregeling Bedrijfstakgewijze Scholing Werkzoekenden, BBSW) to the OOM-fund.
3. The European Union contributes through the Subsidy Scheme ESF objective 4: 'Training for the Preservation of Employment' also to the OOM-Fund.

### F *Target groups for Promotional Measures*

The target groups in the different activities of the OOM-fund in the metal industry classified by the training fields are:

- *the apprentices in the apprentice system*

The apprentices work in the company for four days a week. One day a week they go to school. Between the apprentice, the school and the company a 'study- and labour-contract' is concluded in which the rights and duties are mentioned. If an enterprise is very small or if an enterprise cannot train completely in accordance with examination standards a full-time off the job training can be followed, combined with practical training in an external training institute.

- *the employees in the sector*

Through research the needs of enterprises are noted and on that basis the training supply is adjusted. The arrangement on educational leave is aimed at all categories of employees in the branch. But with special courses attention is concentrated on specific groups. The observation for instance that a lot of employers hesitate to invest in the training of older employees has ended in the development of an introductory course on using the computer exclusively for this target group. The knowledge gap of people older than forty after all threatens to increase. This is apparent above all in the field of automation.

- *employment for the unemployed*

Participants are people looking for work who are registered at the Employment Exchange. OOM has special projects for specific target groups, like women, minorities and disabled persons. As far as the content is concerned the aim is to train as much as possible within the framework of the so-called 'voorschakel'

program (transition course) of the OOM. The OOM is the training agency of the branch. This 'voor-schakel' program makes participants ready for the intake in the initial apprentice system.

Several measures in this field are undertaking by the OOM in cooperation with the Dutch Employment Service.

- *an individual scheme on training*

In the individual employment scheme (IWT) about 350 persons looking for work had been trained in the year 1995 (with some overflow in the years 1994 and 1996). An enterprise employs someone looking for work for six months at least and gives him or her training on the job.

- *a collective scheme on training*

In the collective employment scheme (CWI) in 1995 (with some overflow in 1994 and 1996) about 400 people had been trained in collective employment schemes. If enterprises or research reports make clear that there is a demand for junior skilled craftsmen in a specific district, OOM in cooperation with the Employment Service initiates a collective employment scheme. In that case enterprises with vacancies subscribe a declaration of intent. They declare that after their training candidates will be employed for at least six months. The Employment Exchange is responsible for the selection and for the supply of appropriate candidates looking for work.

- *a structural scheme for training*

In the case of the structural scheme OOM has agreed a covenant with the administration of Local Employment Service. By now 8 covenants have been agreed to. In such a covenant the Local Employment Service and OOM agree to cooperate towards placing unemployed job-seekers in the branch. The aim of this cooperation also is to contribute to a good balance of supply and demand in the branch by means of training and employment-finding activities. The period of this cooperation is five year. Each year a plan of work is formulated in which concrete engagements on the qualitative and the quantitative aspects of the agreement are mentioned.

## G Benefits of the Financing Models for the Participants

The overall benefits of mixed financing of continuing vocational training for the employed and further training for the unemployed based on collective labour agreements is the independence from state subsidy on the on hand and to some extent from economic developments on the other hand.

The benefits for:

- the participants are that they are trained for the continuation of work or they are trained to find a job more easily in the sector.
- the enterprises are that they get skilled workers who are trained/retrained in the sector
- the social partners are that they can decide themselves and more flexible about the training needs in the sector
- the central government is that it does not have to intervene with subsidies in training and retraining in the sector.

Besides this, one of the most important aspects is the cooperation network on the national, regional and local level between social partners, vocational schools, government agencies etc.

### H *Actors and Participating Decision Makers*

The main actors are the partners in the collective labour agreement - trade unions and employers organisations. They govern the O&O fund of the metal industry (OOM fund).

Therefore OOM has a professional organisation which is charged with the execution of the agreed policy. This policy is formulated by the governing board.

The foundation has seven training consultants. Their mission is initiating and stimulating activities on the regional level with regard to re-training and updating training, job- and employment projects, skill training and public relations.

OOM has its own information service. The task of the 50 advisors working in this service is to inform and to advise companies, intermediary agents and so on. This advice concerns the possibilities OOM offers for training and retraining. Moreover they offer information and guidance to students and employers engaged in job- and employment projects.

A supplementary actor to the social partners of the sector is the Dutch Employment Service. The national employment service cooperates in employment measures for the sector on national level, in the employment measures for the sector (the individual scheme for training and the collective scheme for training) and on regional level (a structural scheme on training). The Employment Service joins in the costs of the collective employment schemes (the BBSW contribution).

### I *Global Steering Instruments*

The training fund (OOM = O&O fund) based on a collective labour agreement is the global instrument for educational and training activities in the metal sector. The training fund is governed and mainly financed by the social partners.

The OOM fund is one of the main sectoral training funds based on collective labour agreements. The financing of training does follow the more general pattern for sectoral training funds (O&O funds) in the Netherlands.

All employers covered by a O&O-Fund are paying an certain amount in the fund (0.2 % till 1.5 %) of the wage sum. Enterprises showing their training efforts are refunded the training costs. At the moment 65 O&O funds exist. The total revenues of the fund are 500 million Guilders.

The mixed financing of training, retraining and further training in the sector is positive because:

- the training needs of the sector are close to the economic needs of the sector,
- the training arrangements by collective labour agreements corresponds more to the interests of the social partners, as in the case of central government regulations,
- the training arrangements by collective labour agreements are more flexible than central government regulations,
- the central government does not have to intervene in sectoral training.

### 4.2.2 The Training Fund of the Processing Industry (OVP) in the Netherlands

#### *A The Position of the Financing Model within the Overall National Structure of the Financing of Continuing Vocational Training*

The training fund of the processing industry (OVP = Opleidingsfonds voor der Procesindustrie) is a collaboration between the social partners in the processing industry. The aim of this fund is the training of employees and persons looking for work in and for the branch. The fund derives its financial means from voluntary contributions and from subsidies. The last few years the training fund has initiated and given guidance to a lot of training projects, often in association with enterprises, the Employment Service and schools. Presently a regular contribution is under discussion in the branch because this is seen as a condition for continuing the activities of the fund for the whole branch.

This fund is a good example of educational and training activities initiated by the social partners. Because of the contributions of the Employment Service or (National or European) authorities these often are mixed financial arrangements.

The financing of the OVP is partially voluntary, but the OVP needs co-financing, in order to fulfil its training needs. Two subsidy measures are very important for this co-financing:

- The Subsidy Scheme ESF Objective 4: 'Training for the Preservation of Employment.
- The Contribution Scheme Branch Specific Training of Persons Looking for Work (Bijdrageregeling Bedrijfstakgewijze Scholing Werkzoekenden' BBSW)

## *B Quantitative Description*

The enterprises in this branch of industry change the composition or the form of raw materials by means of chemical, physical or mechanical processes. The processing industry can be divided into different segments: the mineral oil and natural gas industry, the chemical industry, the paper industry, the printing industry, the textile industry, the pharmaceutical industry, and so on. Often these specific branches have their own branch association.

Altogether it concerns about 2,300 enterprises with five or more employees. The total turnover presently amounts to Fl. 231 billion. Regarding turnover the processing industry covers 63 % of the total industry and 28.4 % of the profit sector. In 1996 the processing industry employed 431,100 persons. This branch of industry accounts for 48.9% of the total employment in the industrial sector and 11.5 % of the employment in the profit sector. About three-quarters of the employment results from large-scale industry (more than 100 employees), 21 % from medium-sized enterprises (10 up to 100 employees) and 5 % from small businesses (less than 10 employees).

Nearly 66 % of the employees in the processing industry work in production. More than a half of these people finished primary or secondary education. In the branch a tendency for a growing demand for higher skilled people, mainly as a result of the growing automation, can be noted. Large scale enterprises often train their people internally. In that case enterprises generally make use of trainers from outside.

*Financial Contributions*

In the processing industry no levy on the average pay is imposed in order to finance the training fund. Thus the financing of training does not follow the in the Netherlands more general sectoral training funds (O&O funds).

Three quarters of the existing collective labour agreements contain an initial and continuing vocational training agreement. About 2.6 Mill. employees (a third of total employment) are covered by such an agreement. The contents of the training agreements are very differentiated. All employers covered by a

O&O-Fund are paying an certain amount in the fund (0.2 % to 1.5 %) of the wage sum. Enterprises showing proof of their training efforts are refunded the training costs. In the moment 65 O&O funds exist. The total revenues of the fund are 500 million Guilders.

The contribution to the training fund of the processing industry is voluntarily. About 60 companies pay a contribution. Mostly these are companies employ 200 to 500 employees. These companies are supporting training and therefore they are open for the activities of the training field if this can yield financial profits.

Enterprises with fifty employees or less pay f 950 a year, enterprises with more employees pay f 1.700. Having paid a contribution, enterprises have a claim to some basic services out of the whole set of services of OVP:

- information and advise on developments in the field of training,
- subsidy by means of publications,
- an annual free consultation concerning the need on training (eight hours).

*Spectrum of the Promotional Measures, Services and Activities of OVP*

The activities of OVP can be subdivided into three areas:

*1. Offering services to individual enterprises.*

The services of OVP are offered by a local consultant. This consultant advises enterprises on training. The advice consists of: making up a inventory of the present and the desired training level, designing a training scheme, support in the execution of a training scheme and taking care of the evaluation of the scheme. Besides the advice on training OVP also advises on making applications for subsidies and can give help in realising this.

*2. Protection of interests of the processing industry in its entirety.*

To protect the interests of the enterprises OVP is participating in several consultative bodies. OVP has a network at its disposal, including enterprises and branches, departments, the Employment Service and National Bodies of the apprentice system (under which the VaPro, the National Body of the processing industry). Furthermore OVP investigates the possibilities for attracting new target groups for the branch. Therefore new instruments and lessons are developed and put at the disposal of the enterprises.

*3. Acting as intermediary between the authorities and the enterprises.*

The authorities have accepted OVP as a representative of the branch so OVP can act as an exclusive applicant for special subsidies. The foundation is the applying agency within the framework of the 'Contribution scheme Branch-specific Training of Persons looking for work' (bijdrageregeling Bedrijfstakgewijze Scholing Werkzoekenden, BBSW).

### C History of the Model

The training fund of the processing industry was founded in the middle of the eighties. Originally the OVP was founded to make it possible to execute government measures, like subsidies in order to stimulate the apprentice system. These subsidies had to be distributed by organisations in which both employers organisations and labour unions were represented. The aim is to stimulate craftsmanship in the processing industry in a qualitative and a quantitative sense. This aim can be achieved in different ways:

- by offering services to individual enterprises,
- by promoting the interests of the whole branch of industry and
- by acting as intermediary between the authorities and the enterprises in the field of training.

OVP is engaged in the training of employees in the processing industry as well as in the training of unemployed people for the benefit of the processing industry in the Netherlands.

### D Targets of Financing

The targets of financing were originally more passive i.e. the OVP was founded to make it possible to use government measures like subsidies in order to stimulate the apprentice system. The financing of training and training itself changed gradually. Targets are now more the training of the employed and the unemployed. Since the government stopped financial support of the training fund, the employers organisations and the trade unions are themselves responsible for the sectoral training fund.

### E Financiers of Continuing Vocational Training

The OVP was founded to take advantage of government measures in order to stimulate the apprentice system. Besides these subsidies the government also provided financial support for personnel and organisational costs. Furthermore OVP received subsidy to spend on activities going beyond the companies (sectoral activities), like information and advise, development of teaching and learning materials, research, development of instruments, and so on.

These subsidies were OVPs one and only source of income. They had no collectively agreed levy on the average pay at their disposal, unlike some other funds (for instance the metal industry, see the other case). The establishment of such a fixed levy on average pay had been not feasible in the processing industry.

Since the 1st of January 1996 the government has stopped financial support for the funds. Now the business itself is responsible for the maintaining of a training fund.

These developments have forced OVP to acquire income in an other way. Besides these basic services paying enterprises can use services for an additional fee, for instance: – advice on and the execution of a training scheme – making an application on European subsidy, ensuring and public co-financing.

The financing of those activities above the level of a company (sectoral activities) is a problem for OVP. The proceeds of the contributions and the sales of services do not bring enough return in order to start up and to implement such activities. Therefore at present there is a revival of the discussion on establishing a fixed levy on the average pay in the processing industry just to develop such activities.

### *F Target groups of the Promoted Measures*

The aim of this fund is the training of employees and persons looking for work in and for the processing industry. The training of low-skilled employees or employees who are in danger of loosing their job is central to the training fund.

OVP aims at bringing together enterprises, the Employment Service and training institutes to stimulate the inflow of unemployed people into the processing industry.

### *G Benefits of the Financing Model for the Participants*

The government has stopped financial support for the funds. Now employers and trade unions in the processing industry are responsible for the maintaining of a training fund. The general benefit for society of these training funds (-funds for training of employed and unemployed) is, however, relief for the labour market.

The concrete benefits for the enterprises are:

- preservation of employment
- a well skilled work force
- quality improvement and productivity increases

Benefits for the employees are:

- enrichment of knowledge
- upgraded career perspectives inside the company as well as in the comparable industry.

### *H Actors and Participating Decision Makers*

The board of the foundation OVP is composed of representatives of both employers' organisations and labour unions:

- the General Employers Association (AWV),
- the Industrial Union FNV and
- the Industrial and Food Union CNV.

The Foundation OVP has a national head office where five people are employed. Besides this bureau ten local advisors work in eight regional bases.

These local advisors advise enterprises on training and the possibilities for subsidies. They visit enterprises in the district and distribute information about the product and the services of OVP.

Furthermore these local advisors attend to the interests of the enterprises in their districts. To do so they keep in touch with the Employment Service, municipalities, schools, local social partners, and so on.

### *I Global Steering Instruments*

The financing of the OVP is partially voluntarily, but the OVP has to find co-financing, in order to complete all training tasks.

### *J Comprehensive Assessment*

The sectoral training funds regulated by collective labour agreement (O&O funds) are very important in the Netherlands. Most of these funds are regulated by the sharing of costs and expenses principle. However, the OVP does not have the status of an 'Education and Development Fund' (O&O-fund) of the processing industry because it is not established on the basis of a collective labour agreement and in the branch no levy on the average pay is imposed. That is why the branch used to be at risk to miss some important subsidies. In the meantime the arrangement that creates the possibility for O&O-funds to function as a public co-financier has been extended.

A consequence to this is that the base financing of the OVP is voluntary, but it has to find co-financing, in order to fulfil its training needs. Two subsidy measures are very important for this co-financement:

- The Subsidy Scheme ESF Objective 4: Training for the Preservation of Employment.
- The Contribution Scheme Branch Specific Training of Persons Looking for Work (Bijdrageregeling Bedrijfstakgewijze Scholing Werkzoekenden BBSW)

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